



LETTER OF ACCEPTED

International Annual Conference on Islamic Economics and Law
2020

Dear, Ika Yunia Fauzia, Abdul Kadir Riyadi, Choirul Mahfud, Firdaus Wajdi
STIE Perbanas Surabaya, Indonesia

The review process for International Annual Conference on Islamic Economics and Law
2020 has been completed. Based on the recommendations of the reviewers and the
Technical Program Committees, we are pleased to inform you that your paper entitled

“Moral Attitude among Entrepreneurs:
Study on Transcendental Trust in Garment Online Business in Indonesia”,
has been ACCEPTED for publication and oral presentation.

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ABSTRACT ACCEPTANCE LETTER
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BOOK OF ABSTRACT

INTERNATIONAL ANNUAL CONFERENCE ON ISLAMIC ECONOMICS AND LAW (ACIEL) 2020

Challenges and Opportunities
for Developing the Halal Ecosystem
Through Synergy Of Islamic Financial Institutions

Organized By :



ISLAMIC FACULTY
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FOREWORD by the Chief of International ACIEL

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
السَّلَامُ عَلَيْكُمْ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ

أَحْمَدُ لِلَّهِ الَّذِي كَانَ بِعِبَادِهِ خَبِيرًا بَصِيرًا، تَبَارَكَ الَّذِي جَعَلَ فِي السَّمَاءِ بُرُوجًا وَجَعَلَ فِيهَا سِرَاجًا وَقَمَرًا مُنِيرًا. أَشْهَدُ أَنْ لَا إِلَهَ إِلَّا اللَّهُ وَأَشْهَدُ أَنَّ مُحَمَّدًا عَبْدُهُ وَرَسُولُهُ الَّذِي بَعَثَهُ بِالْحَقِّ بَشِيرًا وَنَذِيرًا، وَدَاعِيَا إِلَى الْحَقِّ بِإِذْنِهِ وَسِرَاجًا مُنِيرًا. اَللّهُمَّ صَلِّ عَلَيْهِ وَعَلَى آلِهِ وَصَحْبِهِ وَسَلِّمْ تَسْلِيمًا كَثِيرًا. أَمَّا بَعْدُ

Praise Allah SWT for providing health and enjoyment with His flow of *maunah* and *guidance*, we can carry out an International Annual Conference on Islamic economics and law (ACIEL) 2020 of the Islamic Faculty University of Trunojoyo Madura.

We give prayers and greetings to the prophet Muhammad SAW who has given us the pleasure of life with hope and prayers that we will get intercession and blessings in this world and the hereafter.

International Annual Conference on Islamic economics and law (ACIEL) 2020 were held on Tuesday, December 15, 2020 which was attended by participants and officials from four countries Indonesia, Belgium, Malaysia and Brunei Darussalam. Even though during the Covid-19 pandemic, the implementation of the international aciel 2020 went solemnly and smoothly according to what was prayed for and expected together.

This more interesting and perfect implementation was filled by Dr. Drs. Ec. H. Muh Syarif, M.Si (Rector University of Trunojoyo Madura) as Opening Speech, Keynote Speaker Dr. H Emil Elistianto Dardak, B.Bus., M.Sc (Vice Governor of East Java Province 2019 - 2024) and Speakers Prof. Ir. Sukoso., M.Sc, PhD (Head of the Halal Assurance Agency Ministry of Religious Affairs), Dr. Ayang Utriza Yakin (Université Catholique de Louvain, Louvain-la-Neuve, Belgium) and Prof. Dr. Nurdeng Deuraseh, Ph.D (Sultan Sharif Ali Islamic University Brunei Darussalam) with the theme “Challenges and Opportunities for Developing the Halal Ecosystem Through Synergy Of Islamic Financial Institutions”.

The gathering of academics, researchers and practitioners at this momentum provides a new opportunity for the literacy world that is concerned with the halal industry. Recently, the halal industry as a new innovation in Muslim and non-Muslim countries, this dynamic is combined with several studies and literacy, that the potential and challenges of the halal industry in the world can be realized along with technological advances. Indonesia, which is a country with the largest Muslim majority in the world, takes part in guarding and supervising the progress of the halal industry, whose benefits are widely enjoyed by people in the world.

Finally, I am, as the person in charge of ACIEL 2020, would like to thank everyone who was involved in the success of the event, I would like to say *jazakumullah absanal jazaa*.

Wassalamualaikum Wr. Wb

Alan Su'ud Ma'adi

Chief

TABLE OF CONTENTS

Cover	i
Editorial Board	ii
Opening Speech By The Dean	iii
Foreword By the Chief of International ACIEL	iv
Table of Contents	
Empowering Halal Smes For Economic Growth And Sustainability	1
<i>Nurdeng Deuraseh, Norailis Ab. Wahab, Nor Surilawana Sulaima</i>	
Universiti Islam Sultan Sharif Ali (UNISSA)Brunei Darussalam	
Consumer Protection And Inclusion Of Halal Labels On Bangkalan MSME Food Products	10
<i>Galuh Widitya Qomaro, Nasrulloh, Rosiana Dewi</i>	
Universitas Trunojoyo Madura, Indonesia	
Social Capital Of Pesantren In Halal Product Assurance System: <i>Study In Matholiul Falah Simo Tuban</i>	18
<i>Siti Imaniatul Muflibatin, Abdur Rahim</i>	
High Shcool of Islamic Ekonomik (STEI) “Permata” Bojonegoro, Indonesia	
Growth of Halal Tourism in Pamekasan: Is It Influenced by Majelis Ulama?	22
<i>Aang Kunaifi, Taufik Hidayat</i>	
Institut Agama Islam Al-Khairat Pamekasan, Indonesia	
Implementation Model For Halal Product Guarantee In Pesantren: A Case Study In East Java	29
<i>Ahmad Munjin Nasih</i>	
Universitas Negeri Malang, Indonesia	
Sharia Tourism UMKM Portraits In the Middle of The Covid-19 Pandemic (Case Study At Syaichona Cholil Bangkalan's Grave)	41
<i>Aldila Septiana</i>	
STKIP PGRI Bangkalan, Indonesia	
Local Wisdom About In “<i>Syair Nasihat</i>” As An Alternative Discourse On Health Literacy And Food Security	49
<i>Asep Yudha Wirajaya, Bani Sudardi, Istadiyantha, Wardo</i>	
Culture Studies Program, Postgraduate, Universitas Sebelas Maret, Indonesia	
Analysis Of Islamic Bank Financing During The Pandemic Period On The Development Of Halal Umkm In Indonesia With Deposits As A Moderating Variable	56
<i>Binti Nur Asiyah</i>	
IAIN Tulungagung, Indonesia	
Moral Attitude Among Entrepreneurs: Study on Transcendental Trust In Garment Online Business In Indonesia	63
<i>Ika Yunia Fauziah, Abdul Kadir Riyadi, Choirul Mahfud, Firdaus Wajdi</i>	
STIE Perbanas Surabaya, Indonesia	

The Implementation Of Halal Supply Chain And Technology Management As The Way To Optimize Madura Salt Distribution With Transportation Method	77
<i>Moch. Nur Kholis and Devi Putri</i> University of Trunojoyo Madura, Indonesia	
Management and Service At hotel syariah atiqa pinrang south sulawesi	85
<i>Trimulato, Nuringisib, Lismawati, and St Masnaeni G</i> Universitas Islam Negeri Alauddin Makassar, Indonesia	
Urgensi Perlindungan Hukum Terhadap Hak Menjalani Gaya Hidup Halal Bagi Pekerja Migran Indonesia	92
<i>Soleh Hasan Wahid, Anjar Kususiyanah, Yudhi Achmad Bashori</i> IAIN Ponorogo, Indonesia	
Review of Fiqh Method Used During Conditional Movement Control Order (Cmco) On The Reopening Of The Economic Sectors In Malaysia	103
<i>Mohd Huefiros Efizi bin Husain, Noor Naemah binti Abdul Rahman & Nor Fahimah binti Mohd Razif</i> Universiti of Malaya, Malaysia	
Halal Certification Value Chain In Brunei Darussalam	114
<i>Nor Surilawana Sulaiman, Norkhairiah Hashim</i> Universiti Islam Sultan Sharif Ali, Brunei Darussalam	
Strengthening <i>Maqasid Sharia</i> In Halal Food	123
<i>Mohammad Hipni</i> Universitas Trunojoyo Madura, Indonesia	
Halal Fashion Trends For The Hijab Community: Ideological And Consumption	132
<i>Nilda Susilawati, Miti Yarmunida, Khairiah Elwardah</i> IAIN Bengkulu, Indonesia	
Potential And Challenges of The Halal Industry Of MSMEs During The Covid-19 Pandemic Period In Madura	139
<i>Moh Toyyib, Dimas M Ghozali</i> Trunojoyo University of Madura, Indonesia	
A Tale of Umrah Pilgrims Fraud In Indonesia: A Narrative Review Indicating And Anticipating “Fake Bureau”	149
<i>Mochammad Ardani, Dani Setiawan, M. Misbachul Munir, Shoimatul Fitria</i> Diponegoro University, Indonesia	
The Establishment Of Village Regulations On Sharia Tourism Management In Improving Economic Independence Of Sumenep District	158
<i>Achmad Badarus Syamsi, Adiyono</i> Universitas Trunojoyo Madura	
Halal Certification And Its Impact In Increasing Msme (Micro Small And Medium Enterprise) Income In Pademawu District Pamekasan	166
<i>Moh Karim, Achmad Badarus Syamsi</i> Universitas Trunojoyo Madura	

**EMPOWERING HALAL SMES FOR ECONOMIC GROWTH AND
SUSTAINABILITY**

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Abstract

Small and medium enterprises (SMEs) play a significant role in most developing countries. The World Bank reported that in emerging economies, formal SMEs contribute up to 60% of total employment and up to 40% of national income (GDP). These numbers are significantly higher when informal SMEs are included. In line with the emerging markets, it is the right time to empowering SMEs in Halal Industry since it is not only contribute for national economic growth but most significantly the way forward to create job opportunities for the students who graduate from Halal science. Malaysia and Brunei Darussalam as well as elsewhere continue its pursuit of developing policies, initiatives, and programs that would intensify support for local SMEs. However, as they are designed to assist SMEs in general, it is interesting to see if SMEs operating in the halal environment can similarly benefit from them. The halal industry is growing rapidly, covering a number of different industries, ranging from medicines to cosmetics. It is found that SMEs could develop, progress, and sustain their business in global halal market if the business excellence model could be adopted as way to improve their SMEs business. Furthermore, Halal SMEs should seriously benchmarking with other successful companies for the purpose of improving their business and service. Halal SMEs should be designed in line with “the concept of Business excellence” and “the concept of Benchmarking”. Halal-entrepreneur should apply the mentioned concepts seriously in halal industry business and market since its sector is growing from time to time especially in Halal Food Industry, Pharmaceutical and health products, Halal Cosmetics, Halal Tourism and Travel, halal audit and consultancy.

Key Words : SMEs, Employment Opportunity, Halal Industry.

CONSUMER PROTECTION AND INCLUSION OF HALAL LABELS ON BANGKALAN MSME FOOD PRODUCTS

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Abstract

Under Law Number 33 of 2014 concerning Halal Product Guarantee, all food products marketed in Indonesia must be halal certified. UUJPH regulates that business actors are prohibited from trading goods that are not following Islamic law and must be responsible for the products being traded. But in reality, there are still products and foods that do not have a halal certificate/label or even contain fake halal labels. The inclusion of halal labels on products serves to provide convenience and safety for consumers in using and consuming these products. The existence of this halal label is considered important for Muslim consumers as information regarding product composition. This article discusses consumer protection and the inclusion of fake halal labels on food products, especially in Bangkalan Regency.

Key Words : Consumer Protection, Halal Label, Food Product, MSME, Bangkalan

SOCIAL CAPITAL OF *PESANTREN* IN HALAL PRODUCT ASSURANCE SYSTEM: STUDY IN MATHOLIUL FALAH SIMO TUBAN

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Abstract

In essence, humans are created by Allah SWT in a state of nature through a combination of physical and spiritual elements. These two elements of human creation are then transformed into necessities of life that must be fulfilled. This reason is then the reason why people, especially Muslims need halal assurance in every food product consumed. Likewise with *pesantren* who must ensure that all products consumed are guaranteed to be halal. This article attempts to explore the social capital that *pesantren* have in maintaining the halal product system in everyday life. This study was conducted using qualitative research methods in order to find out the social capital of *pesantren* based on the data that had been collected in the field. The results of this study indicate that *pesantren* always maintain the quality of the food they consume based on their knowledge and a supportive environment. It is called a supportive environment because the people around *pesantren* understand the concepts of halal food according to religious provisions and have a strong Islamic culture.

Key Words : Social capital, *Pesantren*, Halal Product Assurance

GROWTH OF HALAL TOURISM IN PAMEKASAN: IS IT INFLUENCED BY MAJELIS ULAMA?

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Abstract

This paper aims to determine the effectiveness of the Islamic tourism guidelines set by the Indonesian Ulama Council in Pamekasan on the development of halal tourism in that regency. In particular, this paper analyzes the suitability of the principles, objectives and characteristics of halal tourism that already exist in Pamekasan.

This paper is written based on a very credible and representative source, which was explored in depth interview with several halal tourism owners, local community leaders, daily administrators of the ulama council, and regional regulators. The refinement of the analysis is carried out comprehensively by connecting the results of observations to the halal tourism guidelines that have been released by MUI Pamekasan Regency

The results show that the adaptation of sharia to the phenomenon of halal tourism growth in Pamekasan does not refer to the textual guidelines that have been made, but rather the personal figure of the Ulama Council which represents the institution.

The results show that the socialization of the principles, objectives and characteristics of halal tourism must involve local figures, such as the kyai who owns the pesantren. The existence of these figures has actually become a legitimacy for the community to perceive a halal tourist destination that is suitable for consumption by the community.

This paper reveals a novelty in the specification aspect of tourism development objects in Pamekasan, with the intention of finding the character of halal tourism that is acceptable to the public.

Key Words : Pamekasan, halal tourism, figure, character.

**IMPLEMENTATION MODEL FOR HALAL PRODUCT GUARANTEE
IN PESANTREN: A CASE STUDY IN EAST JAVA**

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Abstract

Since the Indonesian government issued Law Number 33 of 2014 concerning Guarantee of Halal Products followed by Government Regulation Number 31 of 2019, a response from community elements is needed in providing comfort, security, safety, and certainty of the availability of halal products for the public in consuming and using the product. This article intends to explore the pesantren's response as well as an implementation model in the halal product guarantee system. This study uses descriptive qualitative design, classified as field research. The results of this study indicate that Islamic boarding schools have adequate understanding and resources to run a halal product guarantee system. However, so far the pesantren has not received information about the regulations that have been set by the government. As for the implementation model of the halal product guarantee system, which has been carried out by Islamic boarding schools, using the traditional system as defined by the religious doctrine: fiqh

Key Words: Model, Halal Product Guarantee, Pesantren

**SHARIA TOURISM UMKM PORTRAITS
IN THE MIDDLE OF THE COVID-19 PANDEMIC
(CASE STUDY AT SYAICHONA CHOLIL BANGKALAN'S GRAVE)**

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Abstract

Limited community mobility due to the Covid-19 pandemic and the closure of tourist and entertainment spots have had a significant economic impact on the tourism sector. Large-Scale Social Restrictions (PSBB) have made people more active at home, causing a decrease in the number of tourists on tour trips. No exception for sharia tourism areas such as the Syaichona Cholil Bangkalan's Grave were also affected.

The aim of this research is to know and analyze the portrait of Islamic tourism area UMKM in the middle of the Covid-19 Pandemic (Case Study in Syaichona Cholil Bangkalan's Grave). In this research, the approach used is descriptive qualitative, one type of qualitative research. While the type of research used in this research is phenomenological research.

The results showed that the Covid-19 pandemic had a significant negative impact on the income turnover of UMKM players, especially those in sharia tourism areas, namely the Syaichona Cholil Bangkalan's Grave. This is because the number of tourists visiting the of Syaichona Cholil Bangkalan's Grave has decreased quite drastically. This resulted in a decrease in UMKM products not selling well in the market.

Key Words: UMKM, Sharia Tourism, Covid-19 Pandemic

LOCAL WISDOM ABOUT IN “SYAIR NASIHAT” AS AN ALTERNATIVE DISCOURSE ON HEALTH LITERACY AND FOOD SECURITY

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Abstract

In syar'i, halal is a term for acquiring something. Food is said to be halal if it is not included in the category of haram. This logical placement should not be reversed. This means that all food on this earth is halal, except for what is forbidden. This understanding will have a much different meaning when it is understood that all food on this earth is haram, except for what is legal. As a result of this kind of logical fallacy, it is as if the quantity of haram food is far more than halal food. The halalness of food can be viewed from two aspects, namely the substance and how to get it (whether by stealing, with illegal money, and so on). These things are mentioned a lot in the text of Syair Advice. Therefore, it is important to study the values of wisdom about halal in the Syair Advice text. The research method is used, namely the method of philology and the method of studying texts. The result of this research is an alternative discourse on health and food security literacy that can provide "positive learning opportunities" so that it can raise awareness of every Muslim about the potential for economic empowerment of the ummah through honest, trustworthy, transparent, and accountable management of halal certification.

Key Words: discourse, food security, halal, health literacy, and Syair Nasihat

ANALYSIS OF ISLAMIC BANK FINANCING DURING THE PANDEMIC PERIOD ON THE DEVELOPMENT OF HALAL UMKM IN INDONESIA WITH DEPOSITS AS A MODERATING VARIABLE

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Abstract

Allocation of financing provided by Islamic banks on halal UMKM experiencing a decline in past pandemics covid 19 . The halal industry sector is a concern for the government to maximize economic growth in Indonesia. The reduced allocation of Islamic bank financing is driven by the ability to collect deposits. During this pandemic, time deposits fluctuated due to customer businesses affected by Covid. However, the management of productive assets of Islamic banks has profit targets so that Islamic banks can be sustainable. Based on these problems, this paper intends to examine the significance of the influence of financing for the development of halal UMKM in terms of the ability of Islamic banks to collect deposits. This paper is analyzed using a quantitative approach. Data analysis used linear regression and path analysis using the Partial Least Square Structural Equation Model (PLS-SEM) method. The data source used is secondary data from Islamic Commercial Banks and Sharia Business Units during the period February to July 2020. This paper provides results that the financing channeled by Islamic banks has no significant effect on the development of halal UMKM in terms of the ability of Islamic banks to collect deposits. This paper implies the importance of Islamic banks to support the development of halal UMKM and Islamic bank policies in collecting deposits

Key Words : Financing, Islamic bank, halal UMKM, deposits, path analysis PLS SEM

**MORAL ATTITUDE AMONG ENTREPRENEURS:
STUDY ON TRANSCENDENTAL TRUST IN GARMENT ONLINE
BUSINESS IN INDONESIA**

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Abstract

Business cannot survive without trust. In Islamic business -as in any businesses in that matter- trust is the core. Nonetheless, little has been done to pay attention to it especially that which is based on the teachings of al-Qur'an and prophetic tradition. This study is carried out to fill in that gap. By investigating the attitude of garment online business in Indonesia, this study is aimed at discovering the level of trust among entrepreneurs and how this attitude affects the sustainability of their business. The study comes up with the idea of Transcendental Trust. By this it means those variables of trust that are derived from the main sources of Islam, namely al-Qur'an and prophetic tradition. Proposing four variables of trust, this study interviewed 100 informants in the areas of Surabaya and Sidoarjo. Among them are factory owners, store owners, sellers, resellers and employees. Qualitative descriptive model is used, while case study approach in the form of observation is employed to capture detailed empirical information. The data collected were validated by triangulation technique. The result of the study shows that adherence to transcendental trust is the most determinant factor for business to grow. Other factors may lead to growth. But in that case the growth is simply temporary and coincidental. While trust is presumably Islamic teaching, some non-Muslim entrepreneurs are nonetheless committed to it.

Key Words : Transcendental trust, garment, online business, Shari'a

THE IMPLEMENTATION OF HALAL SUPPLY CHAIN AND TECHNOLOGY MANAGEMENT AS THE WAY TO OPTIMIZE MADURA SALT DISTRIBUTION WITH TRANSPORTATION METHOD

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Abstract

Halal supply chain is one of the key to optimize salt distribution in Madura Island. Salt is not only used for consumption but also used in the processing of industry in Indonesia. One of the largest national salt suppliers is Madura Island which has an area of 111,367.11 ha spread across four districts. Sampang Regency covers an area of 4623.95 ha, Pamekasan covers an area of 2,028.29 ha, and Sumenep covers an area of 4,714.87 ha. The potential must be supported by an integrated Supply Chain and also the need for a halal accommodation system in the faithful process carried out. Halal Supply Chain is applied to the salt distribution system. System integration uses TEKNOGRAM applications as an optimization tool. The process of TEKNOGRAM is used to ensure the halal supply chain. The results of the halal supply chain provide transparency of cost estimation analysis. For transportation costs by using VAM method (Vogel Proxy) in K1 area, transportation costs are Rp 9,488,400 with a total distance of 477 km and a capacity of 9,011 tons. These results will be recorded with the TEKNOGRAM application. Besides, it contains a delivery schedule agreement, the amount of salt transported, and anything related to the trade agreement.

Key Word: Halal, Supply Chain, Teknogram, Vam (vogel proxy)

**MANAGEMENT AND SERVICE
AT HOTEL SYARIAH ATIQA PINRANG SOUTH SULAWESI**
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Abstract

Starting with the birth of sharia banking in 1992, which continued to develop well in society, bringing the application of sharia economics to a wider range of aspects of business activities without exception. The development of the sharia business is not only in financial institutions but also in many areas of business, including the growing businesses of sharia hotel. Sharia hotels are increasingly in demand by the public because the application of Islamic principles makes sharia hotels different from hotels general. The existence of sharia hotels is not only found in city areas but has also been present in several districts. Sharia Hotel Atiqa Pinrang is one of the sharia hotels that are present for people who are in Pinrang district, South Sulawesi. The purpose of this study was to determine the management and services of the Sharia Hotel Atiqa Pinrang. Than find out the application of sharia principles at Sharia Hotel Atiqa Pinrang. This research is field research, by taking data directly at the research location. The data source used is primary data obtained directly by researchers, while the nature of the research is qualitative. The technique of collecting data is by conducting direct interviews with business actors and equipped with documentation. The analysis technique used is descriptive qualitative, by describing the results of research related to the management and service at the Hotel Syariah Atiqa Pinrang, and the application of sharia principles at the hotel. The results showed that there were management and service at Hotel Syariah Atiqa Pinrang, done well, food served was free from prohibited things, not allowed one room for consumers without married status, and good service with various improvements to improve service. The implementation of sharia principles at Sharia Hotel Atiqa Pinrang is following the Fatwa of the National Sharia of the Indonesian Ulema Council (DSN-MUI) Number 108 of 2016 about sharia hotel. Some are by the rules and in some aspects, there needs to be improvements and adjustments.

Keywords: Management, Service, and Sharia Hotel Atiqa Pinrang.

URGENSI PERLINDUNGAN HUKUM TERHADAP HAK MENJALANI GAYA HIDUP HALAL BAGI PEKERJA MIGRAN INDONESIA

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Abstract

Legal protection of Indonesian Overseas Workers is still an issue that has not been resolved until now. Although Act No. 39 of 2004 about the Placement and Protection of Indonesian Overseas Workers has been strengthened by the issuance of Act No. 18 of 2017 about the Protection of Indonesian Migrant Workers, it is still not able to comprehensively protect the rights of migrant workers. One of the rights that needs to be studied more deeply is the religion right and practice its teachings. There are many cases where migrant workers are prevented from obeying the rules, both orders and prohibitions of their religion, either in the form of practicing worship or lifestyle. The halal lifestyle as one of the religious orders face many challenges and opposition for it, such as migrant workers being forced to eat unlawful food, difficult for accessing halal food, and workloads that have to come in contact with haram objects.

Therefore, this qualitative research in the first part will describe and analyze data related to the problems faced by migrant workers in implementing the halal lifestyle. Then in the second part is a critical analysis of the effectiveness of law enforcement in the context of protecting migrant workers. The results of this study are expected to be constructive suggestions for policy holders, so that the politics of law in formulating the rules regarding the protection of Indonesian migrant workers do not only focus on protecting material welfare, but also include spiritual welfare.

Key Words: law protection, migrant workers, halal lifestyle

REVIEW OF FIQH METHOD USED DURING CONDITIONAL MOVEMENT CONTROL ORDER (CMCO) ON THE REOPENING OF THE ECONOMIC SECTORS IN MALAYSIA

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Abstract

The reopening of almost all economic sectors during CMCO is a continuation of the decision made by the Malaysian government on the operating level of a large number of local businesses as a result of Covid-19. The decision was made according to the suitability of the current situation and needs based on specific guidelines. In fact, it received public attention when the current number infections saw a decline compared to before. However, there was a public outcry and concerns over the decision including a number of domestic leaders in maintaining the order to close most business operations as before. While the fiqh method is a general guide formed by the scholars to solve the problems of current issues due to the passage of time and various needs. Therefore, the objective of this study is to review the results of the reopening of the economic sectors during CMCO according to the appropriate fiqh method covering several aspects. Qualitative methodology had been applied in this study to ensure that the objectives of the study could be achieved through library methods including reference sources such as theses, journals and books that matched the content of the study. The results of the study found that the decision to reopen the economic sectors during the CMCO coincided with the current needs and could be examined to certain fiqh methods in preserving the welfare of many parties. The aspects involved are economic security level, supply of resources and public safety level. In general, through the analysis made, the implementation and enforcement of CMCO in dealing with the Covid-19 pandemic would have been more effective with the existence of several proposed solutions presented in this study.

Key words: Fiqh method, Covid-19, economic sectors, safety, welfare.

HALAL CERTIFICATION VALUE CHAIN IN BRUNEI DARUSSALAM

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Abstract

As Brunei Darussalam is positioning itself to be a halal hub, Brunei needs to act fast to strengthen its halal certification value-chain or system. Therefore, the Brunei Government appointed Bahagian Kawalan Makanan Halal (Halal Food Control Division), Jabatan Hal Ehwal Syariah (Department of Shariah Affairs), as a body to handle the halal certification process. Due to the rapid growth of the halal industry both local and international, it is important to research the halal certification process. The main objective of this study is to provide an understanding of the halal certification process in Brunei Darussalam. The study will highlight and determine to examine (1) the halal certification process, (2) actors, and (3) information on halal. The method used in this study is derived from the literature review in the form of related articles, journals, proceedings and books, and interviews with related actors of the halal certification. The results of the study will reveal (1) the related agencies and acts of the halal certification process, (2) the halal certification value chain, and (3) the halal certification issue in applying halal certification in Brunei Darussalam.

Key Words: Halal Certification Process, Value Chain, Halal Certification Documentation, Bahagian Kawalan Makanan Halal.

STRENGTHENING MAQASID SHARIA IN HALAL FOOD

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Abstract

This research aims to explain the importance of halal food in realizing maqashid sharia in daily life. The realization of the maqashid in human life as a guarantee of human existence, because in it there is a universal value that is needed in life. This research is used a qualitative methods, this study explores the maqashid sharia nass about halal food. Furthermore, the nass (al-Quran and Hadis) are analyzed using deductive methods to determine the value of halal food in life. This research resulted in the understanding that in the nass about food contains maslahat value for human life in the world physically, soul, treasure and human life in the hereafter.

Key Words : Maqasid sharia, Halal food, Maslahat

HALAL FASHION TRENDS FOR THE HIJAB COMMUNITY: IDEOLOGICAL AND CONSUMPTION

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Abstract

The research is based on a large enough market potential for the development of the halal fashion industry in Indonesia. The hijab fashion trend is a production target that continues to develop with various technologies and innovations, which encourage the consumption of community groups to use hijab fashion to continue to increase. The study was conducted to determine the purpose of the hijab community in using halal hijab fashion as part of their identity in demonstrating the existence of the hijab group through the ideological and consumption approaches. Qualitative analysis is carried out to determine the ideological emphasis and consumption of the hijab community through open interviews to obtain a clear picture of the social situation. The results show that religious beliefs are the main basis in encouraging the use of hijab and necessity factors.

Key Words: halal fashion, ideology, consumption

POTENTIAL AND CHALLENGES OF THE HALAL INDUSTRY OF MSMEs DURING THE COVID-19 PANDEMIC PERIOD IN MADURA

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Abstract

The purpose of this study was to determine and analyze the potential and challenges of the corona virus pandemic on MSMEs in Madura. This study used descriptive qualitative method. The data collection uses unstructured interviews and secondary data analysis from various literatures such as books, articles, journals and homepages to access the latest data and information related to the potential and challenges of MSMEs from the impact of the COVID-19 pandemic. The results show that first, there is no strategic policy in saving MSMEs from the impact of the COVID-19 pandemic, both short-term strategies and long-term strategies to maintain the sustainability of MSMEs in Madura. Second, the decline in turnover of MSMEs and cooperatives due to COVID-19 has been very significant since its appearance at the end of 2019. The sluggishness of the tourism sector has a dominant effect on the MSME business. Third, low and difficult capital service providers in the pandemic era for the MSME industry. Fourth, digital developments in globalization greatly affect the wheels of the economy, including the retail market. Several steps to be able to maintain its existence in the digital era market, such as refocusing on customers and the rethinking industry, designing social effects strategies, digital business and developing organizational capabilities, conducting e-commerce and digital marketing, improving product quality and adding services and making business ecosystem between MSMEs. Fifth, the role of MSMEs in employment is very large in regional areas, because it can be seen from the development of MSMEs which continue to experience a significant increase.

Key Words: Covid-19, MSMEs, Digital, Industry

**A TALE OF UMRAH PILGRIMS FRAUD IN INDONESIA: A
NARRATIVE REVIEW INDICATING AND ANTICIPATING “FAKE
BUREAU”**

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Abstract

The umrah bureau sector in Indonesia has great business potential. The increasing number of umrah pilgrims are not accompanied by a level of literacy towards the credibility of the bureau. This raises problem in the form of umrah bureau business practices that are illegal. A lot of fraud cases has caused huge losses to the pilgrims as consumers. This study aims to reveal the factors that causes umrah bureau fraud and formulate anticipatory steps for bureau that indicated fake. The method used is narrative review by elaborating previous research, literature studies, and also supporting database that validate. The results formulate the characteristics of the umrah bureau which are indicated fake, including: 1) sloping prices accompanied by promos, 2) travel legality, and 3) ponzi business model. To anticipate, prospective pilgrims should not be tempted by the promos offered by bureau. Prospective pilgrims must also dig up information related to permits, track records and feedback, as well as transparency of facilities that will be provided by the bureau. Regulators must tighten supervision of the business climate through cooperation with associations of umrah organizers in the local area. That way, consumer protection for the umrah bureau will be more secure.

Key Words: pilgrim protection, fraud, umrah bureau, consumer, narrative review.

THE ESTABLISHMENT OF VILLAGE REGULATIONS ON SHARIA TOURISM MANAGEMENT IN IMPROVING ECONOMIC INDEPENDENCE OF SUMENEP DISTRICT

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Abstract

Sumenep Regency has a lot of tourism potential, there are many tourist objects, for example Gili Labak beach, Gili Iyang island which has the second best oxygen in the world, beach nine, Asta Tinggi. So the need for strategies that wisatawan coming both nationally and globally. Therefore, the concept of halal tourism is expected to increase the number of foreign tourists in these tourist objects. The concept of halal tourism is taken because it is seen from the socio-cultural side of the community, the number of Islamic boarding schools, religious tourism objects, and Islamic arts. On the other hand the existing of the law is very urgent to attract investor and tourist. Everyone absolutely want security and clearness more over associated with assets and future of each person, Especially for investor and tourist. This is where the urgency of the legality of halal tourism.

The purpose of Penelitian The first is to give shape halal tourism arrangement that has been applied in several regions in Indonesia. Both will attempt to find a model setting of efektif efficient and have a high supremacy of law to be applied in Sumenep.

This research is a literature research with a qualitative deskriptif approach, that seeks to explain the purpose of its research. The sources data that used is provisions about rule making and regulations halal tourism in Indonesia.

The hipotesa of this research is discovery of a model or form regulations on tourism kosher in Sumenep efektif, efficient and have a high supremacy of law.

Key words : legality, halal tourism, sharia principles.

HALAL CERTIFICATION AND ITS IMPACT IN INCREASING MSME (MICRO SMALL AND MEDIUM ENTERPRISE) INCOME IN PADEMAWU DISTRICT PAMEKASAN

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Abstract

Pamekasan is a regency located on the island of Madura. Pamekasan regency's economic potential is divided into three areas, the northern, central and southern development areas. Of the three development area units that have the greatest potential for small and medium industries, the southern development area unit is the Pademawu sub-district to be precise. This can be seen from the largest number of micro, small and medium enterprises in Pamekasan district, namely 1570 units. Some of the business potentials include crispy anchovies and processed mangrove products. Anchovy is a commodity product from the south coast of Pamekasan. The processed anchovies are not only in demand by local consumers but also in the Japanese market. Next are the processed mangrove products in the form of mangrove tea, mangrove coffee and mangrove honey. This product is the result of innovation from residents of the village of Tanjung, Pademawu district. Great potential, of course, must also be supported by the guarantee of the quality of the product. One of the standards that must be met by entrepreneurs is to register their products to get a halal certificate. This is regulated in Law Number 33 of 2014 concerning Guarantee of Halal Products. The objectives of this study are (1) To determine and identify the implementation of halal certification in Pademawu sub-district. (2) To find out and identify the response of the MSME owner to halal certification. (3) To describe and identify the impact of halal certification on increasing MSME income in Pademawu sub-district. The research method used is quantitative. This type of research is field research or *field research*, namely by making observations and collecting data directly in accordance with the method. The research approach is causality, namely the approach used to examine the possibility of a cause and effect between certain factors and the symptoms under study. In this case, it is halal certification and increased income. This research technique is a survey that takes a sample from a population and uses questionnaires and interviews as data collection tools in addition to literature study. The conclusion from this study shows that halal certification can increase value and income for MSMEs.

Key Words : Halal Certification, Income, MSME



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TABLE OF CONTENTS

Cover	i
Editorial Board	ii
Foreword By the Chief of International ACIEL	iv
Table of Contents	
Empowering Halal Smes For Economic Growth And Sustainability	1
<i>Nurdeng Deuraseh, Norailis Ab. Wahab, Nor Surilawana Sulaima</i> Universiti Islam Sultan Sharif Ali (UNISSA)Brunei Darussalam	
Consumer Protection And Inclusion Of Halal Labels On Bangkalan MSME Food Products	10
<i>Galuh Widitya Qomaro, Nasrulloh, Rosiana Dewi</i> Universitas Trunojoyo Madura, Indonesia	
Social Capital Of Pesantren In Halal Product Assurance System: <i>Study In Matholiul Falah Simo Tuban</i>	18
<i>Siti Imaniatul Muflibatin, Abdur Rahim</i> High Shcool of Islamic Ekonomik (STEI) “Permata” Bojonegoro, Indonesia	
Growth of Halal Tourism in Pamekasan: Is It Influenced by Majelis Ulama?	22
<i>Aang Kunaifi, Taufik Hidayat</i> Institut Agama Islam Al-Khairat Pamekasan, Indonesia	
Implementation Model For Halal Product Guarantee In Pesantren: A Case Study In East Java	29
<i>Ahmad Munjin Nasih</i> Universitas Negeri Malang, Indonesia	
Sharia Tourism UMKM Portraits In the Middle of The Covid-19 Pandemic (Case Study At Syaichona Cholil Bangkalan's Grave)	41
<i>Aldila Septiana</i> STKIP PGRI Bangkalan, Indonesia	
Local Wisdom About In “<i>Syair Nasihat</i>” As An Alternative Discourse On Health Literacy And Food Security	49
<i>Asep Yudha Wirajaya, Bani Sudardi, Istadiyantha, Wardo</i> Culture Studies Program, Postgraduate, Universitas Sebelas Maret, Indonesia	
Analysis Of Islamic Bank Financing During The Pandemic Period On The Development Of Halal Umkm In Indonesia With Deposits As A Moderating Variable	56
<i>Binti Nur Asiyah</i> IAIN Tulungagung, Indonesia	
Moral Attitude Among Entrepreneurs: Study on Transcendental Trust In Garment Online Business In Indonesia	63
<i>Ika Yunia Fauzja, Abdul Kadir Riyadi, Choirul Mahfud, Firdaus Wajdi</i> STIE Perbanas Surabaya, Indonesia	
The Implementation Of Halal Supply Chain And Technology Management As The Way To Optimize Madura Salt Distribution With Transportation Method	77
<i>Moch. Nur Kholis and Devi Putri</i> University of Trunojoyo Madura, Indonesia	

Management and Service At hotel syariah atiqa pinrang south sulawesi <i>Trimulato, Nuringsih, Lismawati, and St Masnaeni G</i> Universitas Islam Negeri Alauddin Makassar, Indonesia	85
Urgensi Perlindungan Hukum Terhadap Hak Menjalani Gaya Hidup Halal Bagi Pekerja Migran Indonesia <i>Soleh Hasan Wahid, Anjar Kususiyanah, Yudhi Achmad Bashori</i> IAIN Ponorogo, Indonesia	92
Review of Fiqh Method Used During Conditional Movement Control Order (Cmco) On The Reopening Of The Economic Sectors In Malaysia <i>Mohd Huefiros Efizi bin Husain, Noor Naemah binti Abdul Rahman & Nor Fahimah binti Mohd Razif</i> Universiti of Malaya, Malaysia	103
Strengthening <i>Maqasid Sharia</i> In Halal Food <i>Mohammad Hipni</i> Universitas Trunojoyo Madura, Indonesia	114
Potential And Challenges of The Halal Industry Of MSMEs During The Covid-19 Pandemic Period In Madura <i>Moh Toyyib, Dimas M Ghazali</i> Trunojoyo University of Madura, Indonesia	123
A Tale of Umrah Pilgrims Fraud In Indonesia: A Narrative Review Indicating And Anticipating “Fake Bureau” <i>Mochammad Ardani, Dani Setiawan, M. Misbachul Munir, Shoimatul Fitria</i> Diponegoro University, Indonesia	133
The Establishment Of Village Regulations On Sharia Tourism Management In Improving Economic Independence Of Sumenep District <i>Achmad Badarus Syamsi, Adiyono</i> Universitas Trunojoyo Madura	142
Halal Certification And Its Impact In Increasing Msme (Micro Small And Medium Enterprise) Income In Pademawu District Pamekasan <i>Moh Karim, Achmad Badarus Syamsi</i> Universitas Trunojoyo Madura	150

**MORAL ATTITUDE AMONG ENTREPRENEURS:
STUDY ON TRANSCENDENTAL TRUST IN GARMENT ONLINE
BUSINESS IN INDONESIA**

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Abstract

Business cannot survive without trust. In Islamic business -as in any businesses in that matter- trust is the core. Nonetheless, little has been done to pay attention to it especially that which is based on the teachings of al-Qur'an and prophetic tradition. This study is carried out to fill in that gap. By investigating the attitude of garment online business in Indonesia, this study is aimed at discovering the level of trust among entrepreneurs and how this attitude affects the sustainability of their business. The study comes up with the idea of Transcendental Trust. By this it means those variables of trust that are derived from the main sources of Islam, namely al-Qur'an and prophetic tradition. Proposing four variables of trust, this study interviewed 100 informants in the areas of Surabaya and Sidoarjo. Among them are factory owners, store owners, sellers, resellers and employees. Qualitative descriptive model is used, while case study approach in the form of observation is employed to capture detailed empirical information. The data collected were validated by triangulation technique. The result of the study shows that adherence to transcendental trust is the most determinant factor for business to grow. Other factors may lead to growth. But in that case the growth is simply temporary and coincidental. While trust is presumably Islamic teaching, some non-Muslim entrepreneurs are nonetheless committed to it.

Key Words : Transcendental trust, garment, online business, Shari'a

INTRODUCTION

Trust is needed in every business because business will not run without it. It is also a major force that drives business to be successful. Trust is even more forceful than capitals and managements. When a person has trust on a particular brand, he/she will go for it irrespective of its quality and usefulness. The same person can also be an agent of WOM (World of Mouth) to promote and influence others to buy the brand. Once trust is established, one can purchase things out of habit, and not simply out of need.

Customers' trust is initially influenced by the pattern of aggressive marketing and persuasive advertisement. However, excellent service and quality product are eventually the dominant factors in it.

In Islam, trust in business and other activities may be aspired -among others- by Hadith Qudsi in which the Prophet is reported to have said, "I (Allah) am the third party in a partnership of two so long as one of the partners does not betray the other. If however he does betray, I (Allah) will withdraw from it". In another saying, the Prophet is reported

to have delegated certain Mughirah bin Sha'bah and Hasan bin Namir on business mission. He said to them to keep their words, be trustworthy and honest.

In these two prophetic traditions a culture of trust is being promoted just as a culture of anti-trust is being discouraged. Prophetic guidelines of this nature are countless in number, indicating therefore that as a religion Islam has a serious attention to it. Society may fall apart without trust. The Prophet himself has earned the status of trustworthy since his childhood, and keeps on being so since then.

Due to its importance, studies on trust have been done all along particularly in the field of business and banking. As far as business is concerned, many have spoken not only of trust but also of anti-trust and its relation to such problems as bribery, theft of trade secrets, deceptive advertising, harms inflicted by memorandum of understanding, quality and product assurance, consumer protection, price discrimination for resellers and consumers, product label, and so forth.

Finance has also been a fertile ground for the study of trust. This field has shown a growing interest in recent years. In Islamic finance, study of trust has equally been popular. Muslim scholars in many academic circles have studied it mostly in the context of seeking the ways in which Islamic finance is said to conform to Islamic law and revelation. Studies on trust in Islamic economic by Muslim scholars have largely been driven by the same spirit and purpose. Many of these scholars normatively argue that Islamic law is the ground for all Muslim acts and conducts. Hence, God's law is the foundation on which everyday system including finance and economics must be built.

Unlike any other studies, this research is interested in investigating the concept of trust in online business among garment entrepreneurs in Indonesia. In itself, online business has been phenomenal. Things as internet marketing, e-commerce, online shop, online gallery, and other terms related to purchase or business conducted through internet, media and technology have been revolutionary. And these are not limited to sale and purchase of goods only, but extend to services as well. Looking at the scale of its growth, there are no signs that business online will drop anytime soon. On the contrary, it will keep moving. What is clear is that its players increase in number by days. Transaction via internet grows involving such online shops as Tokobagus.com, Tokopedia.com, Zalora.com, Multiply.com, Bhineka.com, BliBli.com, DealGoing.com, Gramedia.com, Kaskus, and Olx.co.id.

The increase of internet users is the main factor in the increase of online business. The Ministry of Communications and Information Technology (Kemkominfo) releases that internet users in Indonesia have reached 82 million in 2013. In 2014, according to e-Marketer, there were 83.7 million. By 2017, it is estimated that the number is 112.6 million. With this, Indonesia is ranked 8th the highest number of internet user in the world.

Among the existing industries that make use of online business in Indonesia is garment, one of the fastest growing manufacturing in the country. Many of garment manufacturers use pictures to sell their product. They use various systems such as drop-ship to reach as wide market as possible, involving a second party as mediator. While online business is positive, it has however created a new problem; some customers are complaining about their goods never arriving, or goods that do not fit the picture. It is at this juncture that the notion of trust comes to the fore. In what way customers may trust the sellers? And how the sellers can persuade the customers that they can be trusted?

This study examines what it calls transcendental trust in online business. By conducting both literature review and field work, the researchers examined the extent to which the variables of transcendental trust can reduce or eradicate negative aspects of online business in the garment sector. By transcendental trust, it is meant that form of trust derived from the Holy Qur'an and prophetic tradition. The researchers interviewed 100 business people as samples to investigate how trust determines their business. Among the informants are also drop-ship sellers because they form a chain of online business with average annual turnover of 1,000,000 IDR per month.



THEORETICAL FRAMEWORK

Transcendental Trust in Sharia Business

The Prophet Muhammad PBUH teaches that trust is the main capital in business. He himself was a businessman and built his business upon trust. For him trust is *the* capital apart from others (Fauzia, 2014). He established partnership with his wife Khadijah based on the concept of *mudharaba* (profit sharing). The wife provided him with money as capital, and the Prophet run the business as the *mudharib*. Among the tribe of Quraish in Mecca before Islam, business model such as this is common. According to Fauzia, the tribe used the same model in import-export business whereby they traded to Syria in summer and to Yemen in winter (2014). The Holy Qur'an mentions their habit of traveling to do business in Chapter *Quraish* (106) verses 1-4.

It is by virtue of trust that the Quraish had the habit of entrusting others to keep their money and belonging (*wadi'ah*) when they have to travel. As a note, the Prophet Muhammad was the most entrusted person in this practice. By the same token, the tribe also had the custom of borrowing money as business capital (*qardh*). Zubayr b. al-Awwam, the Prophet's disciple and businessman was known for regularly practicing it. There was a report that when he died, he left a debt of 2.2 million Dirham while his assets worth 57 million Dirham. His family paid the debts and shared the rest of the money to his survived family as inheritance (Zayd, 1995). Other reports have it that the debt he left was not *qardh*. It was rather *wadi'ah*. But Zubair took it as *qardh* to avoid the possible risks and in order that he could use it as a business capital. His decision was correct. The huge capital he earns has helped him to create jobs and navigate the healthy movement of money in his society.

Other Prophet's disciples who were known for practicing trust-based transactions include Abdullah b. Abbas, Abdullah b. Zubair and his brother Mis'ab, Abdullah b. Umar b. al-Khattab, Abu Musa al-Ash'ari and many more. Abdullah b. Abbas was reported to have sent Dirham from Mecca to Kufa; Abdullah b. Zubair did the same from Mecca to his brother Mis'ab in Iraq (al-Sarakhsi, 1989); while Abu Musa al-Ash'ari sent money from Basra to Umar b. al-Khattab in Medina via the latter's son Abdullah b. Umar. The initial form of transaction agreed upon by Abu Musa and Umar was *qardh* (loan) so that Umar and his son Abdullah could benefit it as a business capital. But they changed their minds and agreed to use *mudharaba* instead, upon hearing the suggestions from other disciples. Accordingly, Umar and his son used the deposit for business and shared the half-profits they earn out of it (al-Haity, 1998).

Spiritual Marketing in Sharia Business

Among the existing financial systems in modern time, Islamic banking has perhaps the strongest appeal to the customers. It has an irreversible system after all, based not only on divine revelation but also on the scholars' social-based interpretation of it. Then, it has proved to be relevant to the demands of modern economy. It has for instance, opened up new sectors and helped create businesses and –with it- marketing and investment. Modern society has also gradually shown its interest in this “spiritual” form of finance. Increasing number of people from different religious background has –in one way or another- supported it. Muslims and non-Muslims alike are now appreciative of it. One of the reasons why this “spiritual” finance is so appealing is that, it upholds the principle of justice (*al-adalah*). Based on the Holy Quran and prophetic tradition, this finance system maintains that any transaction should benefit all parties involved while avoiding any possible losses that may incur. Hence, in Shari'ah business anything that leads to profit is recommended, while things that may incur losses are prohibited.

Justice is the main foundation for Islamic business and any businesses in that matter. Empirical evidences show that fair business performed by producers, sellers (distributors, agents, retailers), buyers and others is the key for its success. In Islamic finance system, justice may be held among others by means of clearance (*siyasa iqtisadiyya*) in which sellers and buyers declare fairness in their transaction. Other mechanism is called *khiyar*, literally means the right to choose. According to this principle, customer has the full right to cancel the transaction or to accept it.

In view of this, Wahbah Zuhaily (1986) reckons that *khiyar* is of 14 kinds according to Shafi'i school of law. These are: 1) *khiyar al-majlis*, a choice made at the spot before the buyer leaves the location of the transaction; 2) *khiyar al-syarth*, the right to choose at certain period of time to the maximum of 3 days; 3) *khiyar al-'ayb*, the right of the buyer to return the goods back to the seller on condition of there being a defect. The buyer may choose to exchange the defective goods with another, or to have his cash back or else with a price cut; 4) *khiyar talaqqy rukban*, a case in which a buyer intercepts a seller before he (seller) reaches the market-place and learns about the prices at the market. If the buyer buys the goods for cheaper price, the seller has the right to choose whether to accept the transaction or to cancel it; 5) *khiyar tafarruq al-shafqah*, the right to choose one of two prices depending on the method of payment. The decision of the method and its price must be made at the time of transaction. This method of transaction is common today. One may for instance, buy a house for 500 million. The same house can however be more expensive if another method of payment is used; 6) *khiyar lil jahl al-ghashb ma'al qudrah intiza'i ala al-mafqud*, the right to cancel or accept the transaction due to there being a missing component in the goods without the buyer knowing and with the ability of the seller to provide the missing components; 7) *khiyar li al-jahl kaun al-mabi*, the right to cancel or accept the transaction due to the vague nature of the goods; 8) *khiyar li al-imtina 'minal wafa' bi al-sharth al-sahib*, the right to continue or accept the transaction in the case of the seller fails to meet his promises made to the buyer; 9) *khiyar li al-tahalif*, the right to cancel or accept the transaction in the case of both buyer and seller have agreed on the form of transaction but failed to agree on the method of payment; 10) *khiyar li al-bay 'li dzuhur ziyadah al tsaman fi al-murabaha*, the case of there being misinformation on the actual price of the goods. If a seller says to the potential buyer, "I sell this suit to you 150 thousand equal to the price I bought it," then it was discovered that the seller lied, the buyer can cancel the transaction; 11) *khiyar li al-musyitari al-ikhtilat al-tsamrah al-mabi'ah bi al-mutajaddidah*, the case whereby the purchased fruits being mixed between good and bad quality; 12) *khiyar li al-ajz ala al-thaman*, the case whereby the price is not clear; 13) *khiyar li taghayyuri sifatina maa ra'ahu qabla aqd*, the case of changes having occurred in the goods before the purchase; 14) *khiyar li taa'ib li al-tsamrah*, the case of the damaged fruits.

In the Hanbali school of law, there are only 8 kinds of *khiyar* instead of 14, four of which are similar to the Shafi'i school. The first four are, 1) *khiyar majlis*; 2) *khiyar al-sharth*; 3) *khiyar aib*; and 4) *khiyar tafarruq al-shafqah*. While the remaining four are, 5) *khiyar al-ghabn*, the right to cancel or accept transaction due to fraud; 6) *khiyar al-tadlis*, the right to cancel or accept the transaction due to the seller's practice of hiding the real nature of the goods; 7) *khiyar khiyanah*, the right to cancel or accept the transaction because of betrayal; 8) *khiyar mutabaa'yain al-fi al-thaman*, the right to cancel or accept the transaction because the price does not match the goods.

With regard to the importance of justice as the principle of Islamic business, Yusuf al-Qardawi (1995) emphasizes that justice is to be differentiated from equality. The latter may be said as maintaining similarities between two different and dichotomous things. In other words, equality may be applied to matters as well as man, while the former is only applied to human being. Justice is about a balance between various elements –such as material and spiritual- in the life of individuals. Or else, it is a balance between the wellbeing of individuals and society.

In addition to justice, Shari'ah business also adopted other noble principles as its foundation without which business would naturally be deemed a failure. Among these principles are:

1) ***Willingness and Satisfaction ('An Taradhin Minkum)***

In the field of Islamic law, a transaction can be deemed illegal because of compulsion posed by one party upon the other. Any transaction must be based on free choice and the willingness of both sides, otherwise it must not take place. If it does take place, it will do harms to one of the parties involved. The Qur'an is clear about this. It implies in Chapter 4:

29-30 that one should not eat other's money in an illegal manner. If he/she is to eat it, then the legal way of it is to do business involving the willingness of all parties.

In any business, satisfaction matters. And this will only happen if it is built upon willingness. As far as Islamic law is concerned, profit in its true sense of the word, may only be generated once buyers are satisfied. Profit is not simply about earning extra money out of the capital. It is also –in Islamic perspective- about delivering the benefits and wellbeing for the buyers. Happier customer should be the goal of any business. And that is what profitable business is all about. Morally and spiritually speaking, the real transaction is that which brings about benefits not only for the owners but also for community at large.

2) *Zero-uncertainty Business*

Uncertainty (*gharar*) is one of the harms that should be avoided in business. Islam is fierce when it comes to this form of danger. Confusion and ambiguity might be categorized as uncertainty (Gamal, 2005). Uncertainty comes when goods for selling is not clear in terms of its existence, quality or price. According to some Hanafi scholars, uncertainty is defined by the unclear goods per se. But in the view of some Maliki scholars, thing is called uncertain when one is not clear whether he/she can return the defected goods or not. Other Maliki scholars maintain that uncertainty is about having no clear perception on the quality of goods. For Shafi'i scholars on the other hand, it is about bad or unseen goods because of which buyer may fall victim. In the Hanbali school of law finally, it is deemed as relating to goods whose nature cannot be ascertained. Hence, goods covered by something and cannot accordingly be seen, fall under the category of uncertain (Fauzia, 2014).

Debate on the problem of uncertainty is long and exhaustive. We cannot delve into it in depth. Suffice it to say that, apart from differences among scholars in its etymological and epistemological meaning, uncertainty may be said as related closely to the obscure nature of goods. Karim (2011) is right in saying that uncertainty is said to have occurred when goods is obscure in terms of its quality, quantity, price and time of transaction.

3) *Zero-fraud Business*

In business, uncertainty is harmful, but fraud (*tadlis*) is even more harmful. The former may occur without intention. But the latter can only happen with intention, the consequence of which can be dangerous. The level of the danger depends on the strength of the intention on the one hand, and on the extent of the fraud on the other. Both uncertainty and fraud do affect the legality of transaction. But fraud brings more negative impact on both sides. The fact that fraud is intentional in itself is an indication that it is lethal and detrimental to individuals and society. It is on this account that the Prophet drew our attention to it. In one of his saying, he is reported to have said to someone came to him claiming to have been cheated in a transaction, "when you conduct a transaction of sale and purchase, say no to a deception." In another tradition narrated by Ibn Umar b. al-Khattab, he even said in a threatening tone, "whosoever cheats, he is not part of us."

Like uncertainty however, fraud may occur in relation to the quantity, quality, price and time of transaction (Karim, 2011).

4) *The Prohibition of Gambling*

Gambling (*Maisir*) is other harm that Islamic law on business is determined to get rid of. In Islam, it is considered one of the most serious sins, and is consequently strongly prohibited. The Qur'an is crystal-clear on it as can be understood from chapters 2:90 and 5:90. The reason of its prohibition is apparent; it incurs a lot of harms not only on individuals

but also on society. Islamic business is concerned not only with the material wellbeing of human life, but also with its moral and spiritual dimension. Hence, factors that hamper the realization of human happiness are kept distant.

In line with the moral value of Islam and in the spirit of keeping a healthy economic condition in the country, the Bank of Indonesia issued a statement No. 7/46/PBI/2005, (Article 2, Paragraph 3) warning about the danger inherent within gambling. By defining gambling as “transaction that contains a high speculation”, the Central Bank is fully aware the threat posed by such a practice and the extent it has negatively on the economic structure of the country.

Gambling however, is not as simplistic as one may assume. It takes various forms in a given society and at particular period of time. In modern time, it bears different names but has the same essence. False supply and demand (*najash*) is considered gambling in Islamic law. It is a practice whereby buyers engineered false demand so as to bring up price. Practice such as this commonly takes place in the stock market, currency exchanges and the like. It is performed in different ways and methods the most popular of which is, by manipulating issues, orders, or making a real purchase to create market sentiment that would benefit buying shares or certain currency. Once the price is up at the desired level, the seller will release back the shares or currencies that have been purchased and benefit the buyer (Karim, 2004).

Another form of false demand is known in Islamic law as *ihkikar*, literally means monopoly. It is about keeping goods at one's control in a way that others would have no access to it. This prompts prices to go up particularly when demands are high while the goods needed are not on the market. In due time, the monopolist will have the full power to control prices and release goods anytime at his convenience. His ultimate objective is none other than to earn as much profit as possible at the expense of others (Basyuni 1988; al-Nabhani, 1985).

Two-Way Trust

Trust in business –as in any human activity- does not come out of the blue. Islam has offered a concrete step of how to build and win customers' trust. What has been discussed above is not simply normative and doctrinal tenets to believe in. They are also empirical and practical guidelines to do business.

Trust itself has a huge impact to boost not only profit but also benefit. In spiritual and religious terms, business should not only be about earning. It should also be about benefiting.

Practically speaking, trust –including that of the customer to producer/seller- cannot be built overnight or in mechanical way. Trust is highly complex phenomenon the realization of which requires multiple efforts. What is clear however is that trust cannot be one way. For customer to have trust to producer/seller, there should be trust from the other way round. Studies on trust have shown that customer will not give their trust to certain products and services, unless they feel entrusted by the producer or provider.

The trust of the producer/seller to the customer should begin with the belief that the product or service they offer is worth of buying. Product or service such as this normally has a unique character distinct from others. It has certain qualities that would satisfy the customers. Equally important is trust to business partners, for it is through them that relationship with buyer is established. In business, relationship defines success, while relationship itself is defined by the attitude of the “man behind the gun”. The strength and weakness of relationship –alternatively called network- is very much dependent on how business is run.

The same attitude determines the nature of business organization. Business can only work when it is supported by good and well-managed organization. Dealing with labor force for instance, or building alignment with other forces, would require good organization. Once this is established,



a business would have the most valuable modality to attract customers, and the market will equally look at it positively in terms of having good reputation.

The contribution that a business has upon society is perhaps the most important factor for trust to be established, as Covey has rightly pointed out (Covey, 2006). Business can make a contribution in various ways and in different forms. Preserving environment –and not destroying it- is a good way of making contribution.

It is within this juncture that Islam as a religion is concerned with establishing a well-ordered society through a just and well-mannered business. In Islam, doing business is not simply about making money. It is also about social and economic engineering, and ultimately about moral-architecture. Hence, the Islamic concept of business in general, and its foundational teaching on trust in particular may justly be called “Transcendental”. Unlike any other systems, trust in Islam is derived above all, from its divine sources of the Qur’an and prophetic tradition.

The notion of “transcendental trust” is to be found not only in the studies of Qur’anic exegesis, al-Hadith, prophetic biography, jurisprudence (fiqh), and the likes. It is also the objects of such field as history, philosophy and more importantly, Sufism (the spiritual dimension of Islam). Hence, the *Kamus Besar Bahasa Indonesia* rightly defines the word “transcendent” as spiritual, elusive, magical and abstract. Bagus in the meantime, understands it as something beyond the [comprehension](#) of the ordinary experience and scientific explanation (1996).

In economic study, Ika Yunia Fauzia (2013) has tried something quite novel by trying to identify the elements of transcendental trust in Islamic business. Her study focuses on the Islamic teaching on trust as variables. She then draws those variables into action to see to what extent people are committed to them, or else, how does the transcendental trust trigger people to do business. To complement it, or even to go further, she carries out here in this particular research, a study on how transcendental trust works in online business among garment entrepreneurs in Indonesia.

Online business is an attractive field of study as far as transcendental trust is concerned. Among many forms of business, online business is the one that relies most on trust since sellers and buyers do not see each other during the transaction. Insofar as online business is associated with the sale of goods and services, it is in principle not different from others. But because it is not restricted by space and time, it is nonetheless different. The keys to online business are: a) how to find customers interested in buying the products; b) how to create the post-purchase behavior (repeated re-purchase) among the customers, and c) how to win their mind and heart.

RESEARCH METHOD

This research uses qualitative method. By definition, qualitative research is that which tries to establish the meaning of phenomenon based on the views of the participants (Creswell, 2012). According to Strauss and Corbin (2007) however, it is a type of research in which findings are not obtained through statistical procedures such as research on human life, human behavior, history, the role of organizations, social movements, or social relationship. In such research, data are presented in words and not in numbers.

The object of this study is online businesses in garment industry, small, medium and large. Samples were taken from approximately 100 people among the practitioners of online shops in garment industry in Surabaya and Sidoarjo. In determining the informants, the researchers interviewed the informant by using snowball model, also known as procedure of referral and networking linkages. The researchers went directly to the field and get involved with the informants as partners in online business.

Being qualitative, the research is a case study. Hence, it emphasizes on the case under investigation. To have a proper understanding of the case, the researchers use the technique of observation. According to Bogdan and Biklen (1982) as well as Bungin (2011), observation is useful to have empirical and detailed information on the object of study.

The study will be enriched by the presentation on three issues, namely a) the concept of transcendental trust; b) how it is implemented by garment entrepreneurs in online business; c) the result of the research.

The study is initially based on Ika Yunia Fauzia's dissertation (2011) on *Business Behavior in Marketing Network: A Case Study of Trust-Giving in MLMS Herba al-Wahida Surabaya*. While her dissertation focuses on trust, this study takes on the notion of transcendental trust. Studies on trust are numerous including, a) GS Shergill and Bing Li's *Internet Banking: An Empirical Investigation of Trust and Loyalty Models for New Zealand Bank*; b) Christine Moorman, Rohit Deshpande and Gerald Zaltman's *Factors Affecting Trust in Market Research Relationship*; c) Luis V Casalo, Carlos Flavian and Miguel Guinaliú's *The Generation of Trust in the Online Services and Product Distribution: The Case of Spanish Electronic Commerce*; d) Janet Wagner and Gabrielle Rydstrom's *Satisfaction, Trust, and Commitment in Consumers: Relationship with Online Retailers*.

Data Analisis dan Discussion

a) *Implementation of Transcendental Trust in Garment Online Business*

Prior to building trust in relation with others, a businessman must have trust in him/her self. Self-trust determines other's trust. In the absence of such trust in one's self, others will unlikely to have trust in him/her. Transcendental trust in the meantime, is not simply self-trust. It is also personal qualities such as integrity, noble intention, competence and capability (Fauzia, 2014, 155).

Based on several interviews conducted by the researchers, most of garment entrepreneurs engaged in online business have –in one way or another- some forms of transcendental trust. Although a small number of them are non-Muslims, they seem to have committed to this noble character. The following is an exposition of transcendental trust and its variables in business.

Table. 4.1
Variables of Transcendental Trust in Business

Transcendental Trust in Business	Variables of Transcendental Trust in Business	
Integrity and Trustfulness	1.	Honesty in business interactions
	2.	Transaction in line with rational commitment
	3.	Trust-maintenance
	4.	Benefit-based interaction
	5.	Worship-oriented attitude
	6.	Justice
Goodwill	1.	Lawful self-motivated work
	2.	Sincerity
	3.	Complementarities in thoughts, ideals and actions
	4.	Carefulness to others
	5.	Treating rival as partner
Capabilities	1.	Mobilizing ability
	2.	Translating strengths as quality output
	3.	Professionalism
	4.	Good mental state
Results and Benefits	1.	Good record in communication skill
	2.	Good ability in presenting business result
	3.	Ability in completing works

	4.	Helpful
	5.	Grateful

Source: Fauzia, 2014 (reprocessed by the researchers)

To have a proper knowledge of the implementation of transcendental trust in online business, the researchers carried out persuasive interviews from early 2014 until the end of 2015. Information is collected not only by means of questionnaires or interviews due to the fact that informants are not always objective in answering questions. Hence, when asked whether they are honest or not, they would certainly reply in positive. Also, when asked about customers' satisfaction and the amount of products sold, they would most likely answer in defense of themselves. For that reason, information is also obtained by other means such as field-observation and data-collection from relevant sources including available researches and mass-media.

The informants of this research include 100 business-persons in Surabaya and Sidoarjo some of whom are store owners, resellers and suppliers. The researchers built a direct contact with them not only in an observant-observed form of relationship, but as business-partners. Indirect interviews via mobile-phone and blackberry messenger are also conducted when needed. At some point, the researchers are interested in contacting informants from remote and rural areas in Indonesia, but failed to do so because online business is still not popular in those areas.

The finding of the research shows that there are nine groups of entrepreneurs applying some variables of transcendental trust. Surprisingly, non-Muslim entrepreneurs display a strong tendency to do so, and record an excellent performance in that process. The following is a table of garment online businesses and their compliance to some variables of transcendental trust.

Table 4.2
Variables of Transcendental Trust
and the Compliance of Garment Online Businesses

No.	The Variables	Number of Informants	Description
1.	1) Integrity and trustfulness; 2) Goodwill; 3) Ability; 4) Impacts and Benefits	36 Informants	<ul style="list-style-type: none"> Of the 36 informants studied, large business owners constitute the majority of those who applied these four variables. Most of them had strong capital and have developed good marketing management. They mostly applied <i>khiyar</i> without them understand it. They maintained integrity, and gained increasing profit as a result. They are known for having a progressive mentality and treat their customers as key to their success. Some of them are non-Muslim. Some informants fall under the category of small business owners. They possessed little capital and made business with the drop-ship system. They could move forward

			<p>because they comply to the four variables. Most of them are from Islamic schools and have good understanding of others' rights. They always keep a good relationship with their customers.</p>
2.	1) Integrity and trustfulness; 2) Goodwill	36 Informants	<ul style="list-style-type: none"> Some informants possessed integrity and good intentions. Most of them are small businesses owners with relatively limited capital. They had a strong desire to do business but fail to achieve an intended result due to the weak resources. Capital-wise, small garment businesses in Indonesia cannot keep up with the increasingly growing changes in fashion trends on the one hand, and compete with the large businesses on the other. The only way to survive to is to be faithful to these variables of transcendental trust.
3.	3) Ability	14 Informants	<ul style="list-style-type: none"> Some informants in this variable are those that have the natural ability to grow. However, it seems that their businesses fail grow because they have little support from their customers. The little customers they have are not loyal. Their capital is weak, but their desire is strong. Yet they disregard integrity, trust and goodwill to their customers
4.	4) Results and Benefits	1 Informant	<ul style="list-style-type: none"> There was only one informant in this variable. He has only one thing in his mind when it comes to business. And that result and benefit His businesses could survive because he sells scarce goods. He became champion so to speak, because he has no competitors. Hence, without complying to other variables of transcendental trust he still can survive with a lot of customers.
5.	1) Integrity and trustfulness; 2) Goodwill; 3) Developing	2 Informants	<ul style="list-style-type: none"> Our two informants implemented these three variables, yet they fail to achieve good result and benefit. This is due to expensive operational costs they spent.

			<ul style="list-style-type: none"> Another problem is that the two informants are careless financially speaking that they often fall victim to fraud committed by their closest customers.
6.	1) Integrity and trustfulness; 3) Ability	1 Informant	<ul style="list-style-type: none"> This informant did not achieve anything because he did not maintain good personal relationship with his customers. This informant has integrity and is trusted, yet he is not consistent. He sometimes uses wholesale system, but sometimes the systems of purchase and retail. This irritates his customers and makes them left.
7.	3) Ability; 4) Results and Benefits	3 Informants	<ul style="list-style-type: none"> These informants have large capital and gain good result although they do not have integrity, trustfulness and good will. Their customers do not have any problem with them for what matters is good price and not integrity
8.	2) Goodwill	6 Informants	<ul style="list-style-type: none"> Majority of informants in this variable are entrepreneurs with relatively limited capital. They work hard, but they fail to perform as far as results and benefits are concerned
9.	No variables	1 Informant	<ul style="list-style-type: none"> Our informant is a businessperson who inherited his business from his parents. He did not have any variables in his mind. And that leads to an almost-bankruptcy He is not motivated to keep his business, because doing business is not his passion.

Variables of transcendental trust are not always adhered by online businessmen in garment sector. Majority of informants are indeed applying the four variables fully, while others partially. In doing so, they survive the challenges of modern-day hectic competition. Transcendental trust is therefore an important part of survival in doing business in garment sector as well as in other sectors.

In some cases, business can survive not because of an adherence to the variables of transcendental trust. There are other factors as well including having strong capital, family support, loyal customers, and the unique nature of products.

b) Implementation of Transcendental Trust in Garment Online Business: An Analysis

From the interview, it may be understood that the adherents of transcendental trust are those who had good plan in business. The plans are sometimes informed by self-motivation, education –such as in the field of management- or else by religious belief. Given that great deal of good planners are academics and scholars, education may be said as the most effective way of producing good business. Religious belief has also a strong influence in the way business is run. Some of our informants are scholars in Sharia law. They treat their customers gently and do their business accordingly.

The other group of informants adheres to the variable only partially. Some of them are people with religious background and preserve Shari'a. But they fail because they have no strong capital and have little concern for results. Many of them are resellers of an online store with dim dream to become big and rich.

The last group includes those who tried to run a self-taught business. They are beginners and have no idea of making money. Inheritance-based business is included in this group.

c) Transcendental Trust and its Relation to a Successful Garment Online Business

Of the 100 business respondents observed in this study, a great percentage of them gained success by virtue of adhering to transcendental trust. Many of them are equally in agreement to the fact that behavior does have a great impact in transaction process. Even “minor” qualities such as the way of looking, talking, touching and the like play an important role. The Prophet has taught that three counter-productive behaviors should be avoided by any faithful Muslim. These are lying, breaking appointment, and betrayal. The Prophet said:

حَدَّثَنَا قُتَيْبَةُ بْنُ سَعِيدٍ حَدَّثَنَا إِسْمَاعِيلُ بْنُ جَعْفَرٍ عَنْ أَبِي سَهْلٍ تَافِعِ بْنِ مَالِكٍ ابْنِ أَبِي
آبَةَ (عَامِرٌ عَنْ أَبِيهِ عَنْ أَبِي هُرَيْرَةَ رَضِيَ اللَّهُ عَنْهُ: أَنَّ رَسُولَ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ قَالَ:
(الْمُنَافِقُ ثَلَاثٌ: إِذَا حَدَّثَ كَذَبَ، وَإِذَا وَعَدَ أَخْلَفَ، وَإِذَا تُمِّنَ خَانَ).

There are three signs of a Munafiq (hypocrite). When he talks, he lies; when he makes a promise, he does not fulfill it; and when entrusted he betrayed.

These three are variables of trust in prophetic teaching. Since trust comes from others, behaving well in transaction is of utmost importance. In other words, a proper action invokes a proper reaction.

The four variables of trust that we proposed correspond –and are based on- the prophetic teaching. In practical terms, our respondents agree that it is largely because of their adherents to these variables that they can build their business, survive, and even compete with others. Their customers are satisfied with their products and services.

Some of the respondents are quite happy even to look after their customers. An online business owner in the city of Solo and a manufacturer of women's clothing and *mukena* (women's dress for daily prayer) for instance, donates some of her profit to help the victims of bush fires in Sumatra and Kalimantan. In her finance management, she tries to be as transparent as possible so that her customers may learn how much money and profit she earns. In that process, she won the heart and mind of the customers and succeeded in building a larger business, which she claims is based on *murabaha*.

One of our respondent was non-Muslim, who sells online Muslim clothing made of jeans. He claims to have been trustworthy, and performed a good business as a result. He treats others quite well including his employees and partners. He paid his employees very well and talked to them gently. His customers are happy because of a friendly environment they find themselves in. Returned goods are welcomed, and are received open-handedly. Without him understand, he has in fact applied the Islamic concept of *khiyar*.

While compliance to transcendental trust reserves a success in garment online business –or in any business in that matter- the reverse is equally true. Majority of our respondents who disregard some variables of trust are destined to failure. Their success –if any- is a coincidence, or else temporary. Not only do they waste their time, capital, customers and partners, they also went bankrupt and had the burden of paying out debts.

CONCLUSION, IMPLICATION, SEGGESTION AND LIMITATION

This study reveals that when garment online business is run on the basis of trust, it stands a good chance of growing. The reverse is also true. The study also finds that trust generates more strength when it encapsulates the norms of religion. The four variables of transcendental trust that this study proposed lead business to develop. However, they are other factors as well for business development such as customers' loyalty and strong capital, among others. But development caused by these factors is rather coincidental and temporary.

Further studies on trust in Islamic business are recommended. Area such as Shari'a marketing in Indonesia and its relation to trust is of particular interest. This study has been limited in terms of the number of respondents from remote areas. Further studies in this aspect are also necessary, although that may be difficult since online businesses in these areas are not popular as yet.

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