

# IMPACT ANALYSIS SME'S KNOWLEDGE TOWARDS E-COMMERCE TRANSACTION ON ISLAMIC BUSINESS ETHICS

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## Abstract

**Purpose:** This study discusses the influence of the level of understanding of MSME actors on e-commerce transactions according to Islamic business ethics. This research aims to determine the effect of the level of understanding of SMEs on e-commerce transactions according to Islamic business ethics.

**Design/methodology/approach:** This research uses the quantitative method by design associative ex-post facto which aims to determine the effect of the level of understanding of MSME actors on e-commerce transactions according to Islamic business ethics. The total population is 167 MSME actors who carry out e-commerce transactions by taking samples using simple random sampling of 63 MSME. The research instrument used a questionnaire (questionnaire) and documentation. Furthermore, inferential analysis uses a simple linear regression equation using SPSS for Windows Version 20.

**Findings:** Based on this study, there is an influence on the level of understanding of MSME actors on Islamic business ethics in Palopo City. The results of this descriptive study indicate that the understanding of MSME actors (X) affects e-commerce transactions (Y) where the Tcount value is 3.925 greater than Ttable 2.002 and a significant value understanding of MSME actors is  $0.000 < 0.05$  ( $H_0$  is rejected and rejected  $H_1$  is accepted). So it can be interpreted that the understanding of MSME actors influences e-commerce transactions according to Islamic business ethics in Palopo City by 73.8%, the remaining 26.2% is obtained by other factors not examined in this study.

**Originality:** This research is based on the results of previous research regarding research related to the Understanding of MSME Actors in E-Commerce Transactions in the study of Islamic Business Ethics (Palopo City).

**Research limitations:** The limitations of this research are interpreting, summarizing and explaining, as well as differentiating and solving problems. The scope of the study was in Palopo City.

**Practical & Social Implications:** The results of this research are theoretically expected to be able to contribute ideas in enriching the insights of MSME development for MSME actors so they can optimize in developing their businesses by prioritizing ethical aspects in doing business. In addition, it can be used as material for consideration in preparing research reports related to the understanding of MSME actors in E-Commerce transactions in Islamic business ethics studies.

Keywords

Understanding of SMEs, E-commerce, Islamic Business, Business Ethics

## INTRODUCTION

Transaction transformation from conventional to transactions on a digital basis or better known as e-commerce is becoming a trend in today's business world (Vovchenko et al., 2017). Based on digital economic transaction data in Indonesia, the value of e-commerce transactions has increased from year to year. In 2017, the value of e-commerce transactions was 42.2 trillion, then it rose to 266.3 trillion in 2020 (Wulandari et al., 2020).

Based on the results of the APJI and Polling Indonesia survey, the number of

internet users in Indonesia in 2018 increased by 27.91 million (10.12%) to 171.18 million people (statista.com, 2018). This means that the penetration of internet usage in the country has increased to 64.8% of the total population of 264.16 million people, based on data on Indonesian internet users which increases every year has an impact on e-commerce transactions (online buying and selling) which continues to increase. This is because buying and selling transactions via the internet such as on social media have a practical and economical side and can facilitate both parties, both sales and buyers, in carrying out their

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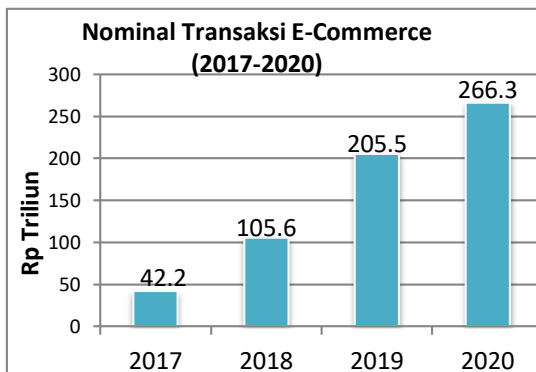
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activities(Sarah, 2020). The increasing economic growth of Palopo City indicates that Palopo City has progressed. This is supported by the increasing number of business units in micro, small and medium scales. The growth of MSMEs in Palopo City has also grown rapidly from year to year. Palopo City, which is divided into 9 sub-districts and 48 villages, has 6,825 MSMEs(Ikbal et al., 2018). This number continues to increase from 2015 which only had 4,395 MSME units as shown in the following table:



Source: Databoks (2021)

The data above has shown a positive trend of very significant value growth from nominal e-commerce transactions every year. If this condition continues, it is possible that Indonesia will become the largest digital economy player in Southeast Asia. E-Commerce (Electronic Commerce) or better known as Online Shopping is the implementation of commerce in the form of sales, purchases, orders, payments, as well as promotion of goods and/or services carried out by utilizing computers and digital electronic communication means or data telecommunications(Google Temasek Bain & Company, 2019). E-Commerce brings many advantages, especially for business people who have little or no spare capital to carry out promotions. Supported by the condition that the Indonesian population is digital literature(Sara, 2020)

The opportunities above must be utilized by business actors, especially MSMEs as a sector that has a strategic role in national economic development. As we know, MSMEs are the business units that are the most resistant to various uncondusive economic situations such as during the monetary crisis.

This is the importance , MSME actors must be able to compete by continuing to increase their understanding of business activities in the current digital economy era (Helmalia, 2018)

E-commerce transactions in the city of Palopo are something new being done by MSME players, which started during the pandemic when MSME players started marketing their products via the internet. This is evident from the development of MSME actors in the city of Palopo every year, from 2017 to 2022 MSME actors reached 12,733 MSMEs, but only 167 MSMEs took place in e-commerce transactions(Tambunan, 2012).

Increasingly fierce business competition requires MSMEs to improve product quality, marketing strategies and good service and maintain intense communication with consumers. Especially in the use of e-commerce, the main factor is the ability to quickly get feedback from consumers. In addition, consumer trust must be maintained, considering that transactions are carried out without involving direct interaction. Therefore, business ethics must still be considered to create healthy business competition and not harm many parties. However, in today's business reality, there is a tendency for businesses to ignore ethics. Though ethics in business is very(Hayono, 2018).

Business is a human activity and therefore must be assessed from an ethical perspective. It is hard to imagine anyone arguing that business and ethics have no relationship(Laily, 2015).But today, there are still many manufacturers who carry out unhealthy business practices, especially in e-commerce transactions. We can find many comments related to consumer complaints that have shopped online, such as incompatibility of ordered goods with the quality of the goods displayed, delays in delivery times, the number of items ordered does not match what consumers receive, unilateral cancellations by business actors , online shopping fraud, as well as complaints about platforms and social media that are not working or active. Meanwhile, from data submitted by the Directorate General of Consumer Protection and Commerce (PKTN) of the Ministry of Trade (Bisnis.com, 2021) reports that a total of

5,103 consumer complaints were received during the period from January to June 2021. There were 4 (Partomo, 2022).

Unhealthy business practices like in the case above are behavior that does not reflect business ethics in accordance with Islamic law. Islam has taught that economic activity cannot be separated from the basic values set out in the Qur'an, Hadith, and other sources of Islamic law. Islam has set limits on how a person can acquire, manage and distribute the property they have (Cavanagh et al., 1995).

Islamic Business Ethics guarantees that business people, partners and consumers will benefit from each other. Islam does not just let someone work at will to achieve his desires by legalizing all means such as committing fraud, cheating, perjury, usury, bribery, and other illegal acts. But in Islam, a limit or dividing line is given between what is allowed and what is not allowed, what is right and wrong, and what is halal and what is haram (Barus, 2016). As the Prophet Muhammad as a businessman, he implemented an economy based on honesty as an essential ethic by not hiding the shortcomings of his merchandise but based on reality (Irawan, 2017).

In carrying out trade transactions, Allah commands humans to do it honestly and fairly. Indeed, we cannot deny that in today's digital era, business people must be able to prepare themselves to minimize any behavior that can eliminate consumer trust. In addition to increasing understanding of e-commerce, business people, especially MSMEs, must also be equipped with knowledge of Islamic business ethics (Hayono, 2018). From this background, the researcher is interested in conducting research with the title: THE EFFECT OF THE LEVEL OF UNDERSTANDING OF MSMEs ON E-COMMERCE TRANSACTIONS ACCORDING TO ISLAMIC BUSINESS ETHICS IN THE CITY OF PALOPO.

## LITERATUR REVIEW

### *Understanding*

Benjamin S. Bloom said that understanding is a person's ability to understand and understand something after something is known and remembered (Sudjana, 2013).

#### a. The stages of understanding

According to Bloom, the ability to understand based on the level of sensitivity and degree of absorption of the material can be divided into three levels, namely (Wowo Sunaryo Kuswana, 2012):

#### 1) Translate (*translation*)

Translating is defined as transferring meaning from one language into another according to the understanding obtained from the concept. Translating means being able to understand the meaning contained in a concept.

#### 2) Interpret (*interpretation*)

This ability is broader than translating, this ability is to know and understand. Interpreting can be done by connecting past knowledge with other knowledge obtained later.

#### 3) Exploring (*extrapolation*)

Extrapolation requires higher intellectual abilities because one must be able to see other meanings of what is written. Making thoughts about consequences or broadening perceptions in the area of time, dimensions, cases and others.

#### b. Understanding Indicator

##### 1) Meaning

##### 2) Summarize and Explain

##### 3) Differentiate and Solve problems (Wowo Sunaryo Kuswana, 2012).

### **MSMe Concept**

MSMEs are one of the driving forces for Indonesia's economic growth. This is because MSMEs are able to create the most jobs so that they are able to make a large contribution to employment. MSMEs have shown continuous improvement and have even been able to support national economic growth in the following year. It can be said that MSMEs are easily adapt to the ups and downs of economic conditions and the direction of market demand. On the other hand, MSMEs are able to absorb labor on a large scale considering Indonesia's large population, so this can reduce unemployment. From this it can be seen that MSMEs are labor-intensive, using simple and easy-to-understand technology capable of becoming a forum for working people (Pratiwi, 2019).

Digital transformation is not just using digital technology investment directly, but must be able to change the business model to be more efficient, bringing creative value to customers and employees to compete amidst the rapid changes in the digital economy. With the existence of this integrated business service center, turnover and assets for MSME partners have increased after participating in and implementing training, among other things, the increase in turnover includes increasing sales and increasing profits. Then increase in assets including increasing cash, expanding business networks and expanding stores (Pratiwi, 2019).

#### a. Characteristics of Micro, Small and Medium Enterprises businesses

The characteristics of micro, small and medium enterprises are no different from large businesses, but within the MSME group itself there are differences in characteristics between micro and small businesses and small and medium enterprises in a number of aspects that are easy to see everyday in developing countries, including Indonesia, aspects These aspects include market orientation, profile of business owners, nature of employment opportunities within the company, organizational and management systems implemented in the business, degree of mechanism in the production process, sources of raw materials and capital, location of business premises, external relations, and the degree of involvement of women as entrepreneurs (Tambunan, 2012). The following are the characteristics of a micro business:

- 1) The types of goods or business commodities are not fixed, they can change at any time.
- 2) The place of business is not always fixed, it can change at any time.
- 3) Not even doing simple financial administration, and not separating family finances and business finances.
- 4) Human resources or entrepreneurs do not yet have an adequate entrepreneurial spirit.
- 5) The average level of education is relatively very low.
- 6) Generally do not have a business license or other legal requirements including NPWP (Partomo et al., 2002)

#### E-commerce

E-commerce is a sales method that is growing rapidly along with technological developments in this day and age. *E-commerce* has a very positive impact, namely in terms of speed and convenience as well as sophistication in carrying out global interactions without place and time restrictions, many online sales make it easy to find the desired item quickly and of course not spend a lot of time and energy because of the time needed to search, only a computer or gadget and an internet connection (Helmalia et al., 2018).

According to Rintho, *e-commerce* can be interpreted as a means or place for transactions or exchange of information that occurs between sellers and buyers in cyberspace. Turban et al also define that *electronic commerce* (EC) is the use of the internet and the internet to sell, buy, transport, or trade data or services (Prasetyo et al., 2018).

Based on the results of the APJI survey and the Indonesian Poll, the number of internet users in Indonesia in 2018 increased by 27.91 million (10.12%) to 171.18 million people. This means that the penetration of internet use in the country has increased to 64.8% of the total population which has reached 264.16 million people, based on data from Indonesian internet users, which increase every year and have an impact on *e-commerce transactions* (online buying and selling) which continue to increase. This is because buying and selling transactions via the internet such as on social media have a practical and economical side and can make it easier for both parties, both sales and buyers in carrying out their activities (Sara et al., 2020).

Buying and selling transactions in cyberspace or *e-commerce* is one of the products of the internet which is a computer network that is connected to one another through communication media such as cable, telephone and satellite (Mustofa, 2012). *E-commerce* can also include the electronic transfer of information between businesses, in this case using *electronic data interchange* (EDI) (Sanjaya et al., 2009).

*E-commerce* (*electronic commerce*) is a commercial transaction carried out between sellers and buyers where the process uses electronic media such as the internet which physically does not require a meeting of the transacting parties (Hasnawi, 2004). E-

commerce is one of the implementations of online business. Talking about online business cannot be separated from buying and selling transactions via the internet. It was this transaction which later became known as electronic commerce, which is more popular with the term e-commerce, which means buying, selling, marketing and servicing activities for products and services offered through computer networks (Sanjaya et al., 2009). Transactions in cyberspace generally use social media such as Instagram, Line, WhatsApp, Facebook, Twitter, and others. In transactions in cyberspace, the parties to the transaction either meet face-to-face, but can communicate directly, both via video and audio-visual. Contracts in electronic transactions in cyberspace are different from contracts in person. Electronic transactions usually use written contracts, such as sms, fuel, e-mail and the like (Mustofa, 2016). Buying and selling through electronic media is a sale and purchase transaction carried out via modern technology, depending on the pillars and conditions that apply in buying and selling. If the pillars and conditions are met then the transaction is binding, if not fulfilled, the transaction is invalid (Mustofa, 2016). Generally, offers and contracts in electronic transactions are made in writing, where an item is displayed on an internet page with a certain price tag. Then for consumers or buyers who want it, transfer money according to the price listed plus shipping costs (Mustofa, 2016).

#### a. Characteristics of E-commerce

Of the various definitions offered and used by various groups, there are similarities in each of these definitions. This similarity indicates that *e-commerce* has the following characteristics:

- 1) A transaction occurs between two parties.
- 2) There is an exchange of goods and services or information.
- 3) The internet is the main medium in the trading process or mechanism.

From these characteristics it is clear that basically *e-commerce* is the impact of developments in information and telecommunications technology, and significantly changes the way humans interact with their environment, which in this case is related to trade mechanisms

#### E-commerce transaction concept

The business process contained in a series of *e-commerce transactions* is to use the internet as a medium of communication between merchants and *customers*. According to *Cavana and Nadal*, online buying and selling transactions via *e-commerce* are divided into several types, namely:

- 1) Transactions through chatting and video conferencing, namely the existence of someone's offer by using interactive dialogue via the internet. Whereas video conferencing is aimed at someone using electronic media, where that person can see first-hand the picture and hear the voice of another party who is making an offer with the electronic device.
- 2) Transaction via *E-mail*, namely both parties must have each other's *e-mail address*. Before making a transaction by *e-mail*, the customer needs to know the *e-mail* address to be addressed and the type of goods desired and the amount of purchase. Then the customer writes the name, amount, shipping address and method of payment made. Then, the customer will receive confirmation from the merchant regarding ordering the ordered goods.
- 3) Transactions via the Web. *The World Wide Web* (www) is a hypermedia-based system that provides information browsing tools that are usually presented in the form of text, graphics, images, sound and video (Billa, 2010). *e-commerce* transactions, trade activities between buyers and sellers can be carried out, so there must be a certain process. The *e-commerce* transaction process may include the following stages:
  - a) *show*. Sales show the product or service on the website owned, complete with specific details and the price.
  - b) *Register*. The consumer registers to enter identity data, shipping address and login information. Order after the consumer selects the desired product, the consumer then places a buyer's order.
  - c) *Paymen*. Consumers make payments.
  - d) *verification*. Verify consumer data such as payment data, for example, account or credit card numbers.
- 4) *Deliver*. Products ordered by the buyer are then sent by the seller to the consume (Santoso, 2017).

## RESEARCH METHODS

The type of data used in this study is quantitative data with an associative ex-post facto design that uses inferential and descriptive statistical science tools (Furley et al., 2018). The source of data used in this study is primary data, namely data on respondents' answers to the questions in the questionnaire and secondary data, namely data collection of documentation obtained through stored facts such as diaries, photo archives, activity journals and so on (Sugiyono, 2014). The population of this study is MSME actors who carry out e-commerce transactions totaling 167 MSMEs. The sample selection technique in this study used the probability sampling method with a simple random sampling technique, namely random sampling without regard to the existing strata in the population (Faulidi, 2004).

n = Samples

N = Population

1 = Terms

N = 1 %

n = 63

Based on the opinion above, the researchers took a sample of 63 SMEs.

## RESULTS AND DISCUSSION

### Results

#### Characteristics of Respondents

Respondents in this study were Palopo MSME actors who conducted e-commerce transactions using the probability sampling method with the simple random sampling technique as many as 63 respondents. The characteristics of the respondents included in this study include micro, small and medium enterprises. The characteristics of micro MSMEs are not different from those of large enterprises, but within the MSME group itself, there are differences in characteristics between micro-enterprises and small and medium enterprises in several aspects that are easily seen daily in developing countries, including Indonesia. These aspects include market orientation, the profile of the business owner, the nature of employment opportunities within the enterprise, the organizational and management systems applied in the enterprise, (Tambunan, 2012). From the survey results obtained data on the characteristics of the respondents as follows:

No	effort	year					units
		2015	2016	2017	2018	2019	
1	Micro	3,537	4,450	4,642	4,776	4,851	Units
2	Small	1,341	1862	1919	1909	1913	Units
3	Intermediate	59	59	59	59	61	Units
4	amount	4,935	6,371	6,520	6,780	6,825	MSMEs

(source: Koperindag Office of Palopo City)

**Table 1**  
**Number of Micro, Small and Medium Enterprises (MSMEs) in Palopo City**

Range % Score	Categories
82.3 ≤ score ≤ 100	Excellent
62.5 ≤ score ≤ 82.3	good
43.8 ≤ score ≤ 62.5	Good Enough
25.0 ≤ score ≤ 43.8	Not Good

**Table 2**  
**Category of MSME actors' understanding of e-commerce transactions according to Islamic business ethics validity test**

Validity testing in this study used Correted Item-Total Correlation processed with the SPSS computer program. The results of the validity test can be seen in the following table.

Variable s	Calculated R Value	Table R values	Information
X1	0.259	0.244	Valid
X2	0.645	0.244	Valid
X3	0.588	0.244	Valid
X4	0.495	0.244	Valid
X5	0.537	0.244	Valid
X6	0.520	0.244	Valid
X7	0.704	0.244	Valid
X8	0.585	0.244	Valid
X9	0.550	0.244	Valid

(Source: Results of data processing with Excel, 2022)

**Table 3**

**Results of Understanding Validity Test of MSME Actors**

Variable	Calculated R Value	Table R values	Information
X1	0.772	0.244	Valid
X2	0.763	0.244	Valid
X3	0.825	0.244	Valid
X4	0.799	0.244	Valid
X5	0.757	0.244	Valid
X6	0.856	0.244	Valid
X7	0.848	0.244	Valid
X8	0.904	0.244	Valid
X9	0.755	0.244	Valid

(Source: Results of data processing with Excel, 2022)

**Table 4  
E-commerce Validity Test Results**

**Reliability Test**

The results of the reliability test in this study used the Cronbach Alpha coefficient ( $\alpha$ ) where a variable is said to be reliable if the Cronbach Alpha value is  $<0.60$  or equal to  $0.60$ , then the instrument is reliable. The following are the results of the reliability test:

Reliability Statistics	
Cronbach's Alpha	N of Items
.676	9

(Source: Results of SPSS data processing vers 20, 2022)

**Table 5  
The results of the Reliability Test for Understanding MSME Actors**

Based on the reliability test in the table above, it was obtained for the understanding questionnaire for MSME actors to obtain a value of  $r_{11}$  of  $0.676$ . thus, based on the reliability interpretation table, the MSME understanding questionnaire can be said to be reliable with moderate reliability criteria.

Reliability Statistics	
Cronbach's Alpha	N of Items
.932	9

(Source: Results of SPSS data processing vers 20, 2022)

**Table 6  
E-commerce Reliability Test Results**

Based on the reliability test in the table above, it is obtained for the e-commerce questionnaire to obtain a value of  $r_{11}$  of  $0.932$ . thus, based on the reliability interpretation table, the e-commerce questionnaire can be said to be reliable with very high reliability criteria.

**Simple Linear Regression Test**

Model	UC	Coefficients <sup>a</sup>			Sig.
		B	std. Error	Sig. Beta	
1 (Constant)	14,966	4,192		3,570	.001
Understanding of MSME Actors	.604	.154	.449	3,925	.000

(Source: Results of SPSS data processing vers 20, 2022)

**Table 7  
Simple linear Regression Analysis**

$$Y = a + bx$$

$$Y = 14.966 + 0.604X$$

Based on table 4.11 from the results of data processing, the regression equation is obtained as follows:

$$Y = a + bx$$

$$Y = 14.966 + 0.604X$$

The regression equation has the following meaning:

1. The constant is positive  $14,966$  if the understanding of SMEs (X) has a value of  $0$ , then Islamic business ethics (Y) has a positive value of  $14,966$ .
2. The regression coefficient of the variable understanding of MSME actors (X) is positive  $0.604$ . If the understanding of MSME actors (X) increases by  $1$ , then e commerce (Y) will increase by  $0.604$ . The coefficient is positive, meaning that there is a positive relationship between the

understanding of MSME actors on e-commerce transactions.

**Hypothesis testing**

T test

Article The t test was carried out to determine the effect of each or partially independent variable (Level of Understanding of MSME Actors) on the dependent variable (E-commerce Transactions according to Islamic Business Ethics) which is shown in the following table:

**Table 9**  
**The results of the T-test on the effect of the level of understanding of MSME actors on e-commerce transactions according to Islamic business ethics in Palopo City**

Determination Coefficient Test

Model	Coefficients				t	Sig.
	B	UC std. Error	SC Bet as			
1 (Constant)	14,966	4,192		3,570	.001	
Understanding of MSME Actors	.604	.154	.449	3,925	.000	

(Source: Results of SPSS data processing vers 20, 2022)

**Table 10**  
**Test Results for the Coefficient of Determination of the Influence of the Level of Understanding of MSME Actors on E-commerce Transactions according to Islamic Business Ethics in Palopo City**

Summary models				
Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	.859a	.738	.729	3.41032

(Source: Results of data processing s pss version 20, Year 2022)

From the results of calculations using the SPSS program, it can be seen that the coefficient of determination (Adjusted R Square) obtained is 0.738. this value comes from squaring the value of the correlation

coefficient or R which is  $0.859^2 = 0.738$  this means that the effect of variable X simultaneously on Y is 73.8% and the remaining 26.2% is influenced by other variables outside this regression equation or variables that are not researched.

**Discussion**

1. The Influence of MSME Understanding Level on E-commerce Transactions

The dependent variable studied is e-commerce transactions. Based on previous theoretical studies, it was explained that based on the results and data analysis carried out, it was found that there was a positive influence between the variables influencing the level of understanding of MSMEs on e-commerce transactions. MSMEs are one of the driving forces of Indonesia's economic growth. This is because MSMEs can create the most jobs so that they are able to make a major contribution to employment. MSMEs have shown continuous improvement and have even been able to support national economic growth in the following year. It can be said that MSMEs are easy to adapt to the ebb and flow of economic conditions and the direction of market demand (Sarah, 2020).

Indonesian internet users who increase every year have an impact on e-commerce transactions (online buying and selling) which continue to increase. This is because buying and selling transactions via the internet such as on social media have a practical and economical side and can facilitate both parties, both sales and buyers, in carrying out their activities (Sholihah Hani, 2020).

The results of the research conducted found that the influence of the level of understanding of MSME actors on e-commerce transactions. Facts in the field show that there is an influence between these variables after a partial test is carried out, this is based on the significant value of the level of understanding of MSME actors  $0.000 < 0.05$  ( $H_0$  is rejected and  $H_1$  is accepted). This is in line with Munadiatul's research which says that the understanding of MSME actors influences buying interest in using e-commerce.

The results of the validity test showed that the instrument for the variable understanding of MSME actors was 0.676 and the results of the instrument reliability test were 0.676. The statement items given to



respondents have been declared valid and reliable so that they can be used for data collection and research. And the results of the validity test show that the instrument for the e-commerce variable is 0.932 and the results of the instrument reliability test are 0.932. The statement items given to respondents have been declared valid and reliable so that they can be used for data collection and research.

Based on the results of the test for the coefficient of determination seen from the R-square table, it is known that the variable understanding of MSME actors is 0.738 or equal to 73.8%. This figure shows that the variable understanding of MSME actors (X) influences as much as 73.8% of e-commerce transactions according to Islamic business ethics, the remaining 26.2% is influenced by other variables not examined in this study.

## 2. Analysis of the Influence of the Level of Understanding of MSME Actors on E-commerce Transactions According to Islamic Business Ethics

Based on the results of research on the understanding of SMEs on e-commerce transactions, understanding of SMEs has an influence on e-commerce transactions according to Islamic business ethics. In the results of this study itself, the e-commerce transactions used by MSME actors are in accordance with Islamic business ethics where in carrying out e-commerce transactions, MSMEs remain competitive in a healthy manner. MSME actors who carry out e-commerce transactions also apply the principles of Islamic business ethics in it such as maintaining the quality of goods, providing the truth by honestly providing product specifications even though the product is not seen directly (Widana et al., 2015).

Islam has regulated that we must behave fairly in doing good as well as in doing business, so that in e-commerce transactions we must apply the principle of justice (Siskawati, 2020).

### CONCLUSION

This study shows that the level of understanding of MSME actors has a positive and significant effect on e-commerce transactions according to Islamic business ethics in Palopo City. Based on the T test value on the variable understanding of MSME actors (X) it is found that  $T_{count} > T_{table}$  or  $3.925 >$

$2.002$  and the significant value of understanding MSME actors is  $0.000 < 0.05$ , so it can be concluded that there is an influence between the variables of understanding of MSME actors on e-commerce transactions according to Islamic business ethics. From the hypothesis testing conducted by the researcher, the coefficient of determination (R Square) is 0.738 or equal to 73.8% with the value of  $T_{count} > T_{table}$ , namely  $3.925 > 2.002$ . There is also a significant value of  $0.000 < 0.05$  (then  $H_0$  is rejected and  $H_1$  is accepted).

From the hypothesis testing conducted by the researcher, the coefficient of determination (R Square) is 0.738 or equal to 73.8% with the value of  $T_{count} > T_{table}$ , namely  $3.925 > 2.002$ . There is also a significant value of  $0.000 < 0.05$  (then  $H_0$  is rejected and  $H_1$  is accepted). These results mean that there is an influence on the level of understanding of MSME actors on Islamic business ethics in Palopo City.

E-commerce is an online market that will dominate the world, therefore MSME players must pay more attention and increase their understanding of e-commerce transactions in accordance with Islamic business ethics. E-commerce is also very good for business progress where business people can develop their products and get their own trust from consumers so that it is good for the continuity of the business. In addition, with the existence of e-commerce businesses people can exchange information about their business and can expand business networks. In the view of Islamic economics in obtaining property must be in accordance with Islamic business ethics (Hania & Fajaruddin, 2019).

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