

## THE URGENCY OF SHARIA BUSINESS DEVELOPMENT IN THE DIGITAL ERA

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**Abstract:** In the midst of very rapid development and our current condition in the digital era, sharia economics can increasingly spread its influence throughout the world. The sharia economy with all its infrastructure and instruments must be able to take advantage of this enormous opportunity. The aim of the following research is to analyze the urgency of developing Islamic sharia business in the digital era. The method used is a qualitative method, namely library research. The results of the research are a) Islamic Economics builds the integrity of Muslims who run the economy in accordance with Islamic teachings, b) Makes people accustomed to carrying out religious activities in the context of economic activities, c) Supports efforts to empower the economy of Muslims and develop Muslim businesses, d) Practicing sharia economics or Islamic economics means supporting the amar ma'ruf nahi mungkar movement. The research conclusion is that digitalization of sharia business development is very essential because it has a good impact on every business or agency. The government also provides very positive support through technological infrastructure, economic development, especially digitalization of sharia business.

**Keywords:** Sharia Economics, Sharia Business Development, Digital Era

### Introduction

The development of Islamic business (shari'ah) is now increasingly widespread and mushrooming in Indonesia. One of the drivers is the awareness of the majority Muslim community to use and utilize products (goods and services) that are *ḥalāl* and *ṭayyib*. The role of producers or sharia-based business companies is a promising alternative (Samrin et al., 2020). On the one hand, this development is something to be grateful for, but on the other hand, we also need to be wary of it.

Sharia economics as an economic thought that is considered to be an alternative to the current economic thought that has been developing rapidly throughout the world in the last 10 years who can build a sharia business. An idea that at the beginning was an impossibility, but now it has penetrated many countries in the world. These countries are not all countries with a majority Muslim population, but also countries with a majority non-Muslim population Muslim. An example is the rapid development of sharia finance in England which is then trying to become the center of sharia finance in the world (Ansori, 2020) .

In the midst of very rapid development and our current condition in the digital era, sharia economics can increasingly spread its influence throughout the world. The sharia economy with all its infrastructure and instruments must be able to take advantage of this enormous opportunity. This golden opportunity must be utilized as well as possible by sharia economic activists. Many things are being done in the digital world today in developing the sharia economy, especially in Indonesia and developing sharia business . Indonesia, which has the title of country with the largest Muslim population in the world, has enormous potential in developing sharia economics.

## Literature Review

### Sharia Business

Business in Islam or sharia business can be interpreted as a series of business activities in various forms that are not limited to the amount (quantity) of ownership of assets (goods/services) including profits, but are limited to how to obtain and utilize the assets (there are halal and haram rules (Nugraha & Rahadi, 2022) . Sharia business is an economic activity (mu'amalah) which has a very important role in the lives of every people. (humans) to fulfill their needs. In a company, when it comes to taking opportunities in business, meaning there is a business opportunity if it wants to gain a profitable market share in the sharia market, Muslim entrepreneurs, especially in Indonesia, need to use sharia law to support the existence of sharia business companies in Indonesia (Ahyani et al., 2022) .

Sharia business has the following objectives:

- a) Obtain material and non-material benefits.
- b) Encourage economic growth in accordance with the demands of Islamic law.
- c) Maintain business continuity in accordance with Allah's instructions.
- d) Getting Allah's approval and this is the most essential goal of sharia business.
- e) Get inner and outer calm (Fahmi et al., 2022)

### Sharia Business Digitalization

In Islam, digitalization of the economy is part of the act of muamalah. The basic concept of muamalah is not to violate what Allah has forbidden. This means that economic activities using digital media are permitted because Islam teaches humans to continue to be productive . Online marketing media in the digital era has become the favorite as an alternative solution, business people are flocking to take advantage of marketing media (Afendi et al., 2022) .

Digitalization of the sharia economy is very important and provides many benefits, including increasing mobility in various dimensions, namely individuals can access anything without restrictions, to offer goods to consumers with certain rules according to the media provider used to provide security between buyers and sellers , data as a source Value is the main feature of the digital economy, namely the collection of data from several activities and market players to obtain good value in product marketing activities offered from sellers to buyers , payment methods can be made using electronic money or bank features that make it easy to do so. transactions using e-banking where the buyer does not come directly to the merchant. In the purchasing method, individuals can buy products using platforms from media providers that have developed in the local community which are used in industry, education and especially sharia banking. Marketing

is carried out through digital platforms that can be accessed by everyone as well as customers (Afendi et al., 2022) .

### **Method**

The method used is a qualitative method, namely library research . is research carried out using literature (libraries) in the form of books, notes or reports of research results from previous research (Mestika, 2015) .

The research was carried out with reference to journals and books as well as related previous research starting from phenomena , sharia business models, the urgency of development, and digitalization of sharia business development where every implementation must comply with regulations in Islamic business principles stated in the Koran and Hadith .

### **Result and Discussion**

#### **Sharia Business Phenomenon in Indonesia**

Today's human need for technology is also supported by the very rapid development of science. However, users of this technology should do it correctly. Using it in the right way will enable the technology to function as expected. The use of social media in order to improve Sharia business marketing is based on good and correct Islamic Sharia. Sharia marketing as a science of choosing target markets and getting, keeping and growing customers by creating, delivering and communicating superior value to customers with an orientation towards sharia provisions. Currently, with the progress of social media, it has become a necessity that always makes our affairs easier, besides other effects, social media has an impact on all sectors, both education and business sectors. Utilizing social media in order to improve Sharia business marketing is based on good and correct Islamic Sharia. Sharia marketing as a science of choosing target markets and getting, keeping and growing customers by creating, delivering and communicating superior value to customers with an orientation towards sharia provisions (Nuriawati, 2021) . Bank Indonesia (BI) projects that the sharia economy in 2023 will grow positively and support the national economy as seen from the halal value *chain projections* and sharia banking financing , projecting that sharia banking financing also has a positive prospect of growing 14-16 percent in 2023 (Bank Indonesia, 2023) .

The sharia economy and finance in Indonesia has great potential, so strengthening the development of the sharia economy and finance needs to be carried out (Menne et al., 2023) . Strengthening infrastructure and its main institutions accelerates the halal certification process in developing leading sectors of halal food, Muslim fashion and Muslim-friendly tourism This strengthening is necessary because according to the State of the Global Islamic Economy (SGIE) Report 2022, Indonesia's sharia economy is still ranked fourth behind Malaysia, Saudi Arabia and the United Arab Emirates. Then from the halal food sector, Indonesia is already in second place but for halal meat it is still far away. Meanwhile, in the Muslim fashion sector, Indonesia is ranked third, but in *the travel sector*, This growth will be driven by the performance of the Muslim-friendly agricultural and tourism sectors *with* the support of increasing sharia financing as well as synergy between stakeholders.

### Sharia Business Model

Sharia Business Forms The term business can be seen from various aspects, including:

- a) Businesses engaged in mining are called executive businesses.
- b) Agricultural business or business related to farming or agriculture.
- c) Industrial business.
- d) businesses operating in the service sector (Ariyadi, 2020) .

In general, there are three important models in sharia business organizations, namely:

#### 1. Sole Proprietorship (Single Ownership)

Sole Proprietorship is a business carried out individually without using a separate and separate form of business. Sole Proprietorship is the simplest business model of a business organization. In this case, all rights owned in the business are the rights owned by the owner, and all obligations or debts are the responsibility of the owner. The results in the form of assets and profits are also the right of the owner, and any taxes are also the owner's obligation to pay and any taxes are also the owner's obligation to pay.

#### 2. Partnerships

Partnership is a business developed jointly by two or several people to distribute profits from the results of the business being run. The implication of this definition is that the parties who run it both use the resources they each have. Profit sharing is the main goal of this form of business. Profits will be distributed in proportions according to the agreement between both parties, apart from that, losses will also be borne jointly, as is the case with profit sharing. However, in Islam there are no standard provisions regarding the distribution of profits and losses, only Islam explains that all agreements must look at the benefits for both parties, and the principle is that they are divided according to their respective portions. In fiqh muamalah partnerships can use musyarakah contracts.

#### 3. Mudharabah

Mudharabah is one of the contracts contained in muamalah fiqh. The definition of mudhrabah is a form of business cooperation between two or more, where the capital owner (shahib al-mal) gives his trust to the manager (mudharib) to manage a certain amount of capital in a business, which is based on an initial agreement between the two. (Huda, 2020) . The business model is applied in the Islamic business pattern where strategic managers follow Islamic rules in developing strategies, learn from authentic references in running Islamic business and accept the results without any manipulation. Surrendering to 'divine' instructions instills humility, responsibility and self-accountability. The Islamic business management model is flexible enough to adapt according to circumstances for maximum organizational results that benefit the entire community without any discrimination on the basis of religion (Naim, 2022) .

### The Urgency of Sharia Business Development

System is based on the sharia paradigm, even if viewed from a philosophical basis. The Islamic economic system or also called the sharia economic system is an economic system based on the principles of Islamic law originating from the Koran and al-Hadith. . Therefore, every economic activity must not conflict with the established principles of Islamic law . In Islamic

business, market players are driven by the spirit of competition to achieve goodness (fastabiqulkhairat) as well as cooperation and mutual assistance (ta'awun) within the framework of Islamic values and morality. Market activities must also reflect healthy, honest, open and fair competition so that the prices created are fair and fair prices. Islamic economic thought in Indonesia, especially at present, is still limited to the theme of banking or financial institutions. (Damanik et al., 2020) . Islam rejects the market concept in the form of unlimited free competition, thereby ignoring norms and ethics. In an Islamic market, market players are driven by the spirit of competition to achieve goodness (fastabiqulkhairat) as well as cooperation and mutual assistance (ta'awun) within the framework of Islamic values and morality. Market activities must also reflect healthy, honest, open and fair competition so that the prices created are fair and fair prices (Azzam, 2021) .

The urgency of sharia business development has positive impacts including:

- a) Islamic economics builds the integrity of Muslims who run the economy in accordance with Islamic teachings, by adhering to the special features of Islamic economics, namely avoiding all forms of activities that contain elements of usury which can cause harm to other people .
- b) Make people accustomed to carrying out religious activities in the context of economic activities, which are mahdhoh worship which is considered rewarding in the eyes of Allah, so that without realizing it, producers and consumers have carried out transactions that are worth worship.
- c) Support efforts to empower the Muslim economy and develop Muslim businesses. Islamic economics does not allow interest and the accumulation of wealth, so all finances must be channeled into the real sector, which ensures that the wheels of the economy do not become stagnant. Islam prohibits ihtikar (hoarding), so any assets that do not move and are not used for economic activities must be subject to greater taxes, which is useful for making these assets more useful. Islam also gives everyone the right to do business, without being limited by capital and regulations. This is what differentiates Islam from a capitalist system where rich people will get richer because in capitalist theory, novice entrepreneurs will be excluded from the market and there will be no sense of help and compassion. Meanwhile, in Islam, Muslims believe that sustenance comes from Allah, there is no need to try to get rid of other people in doing business, because every human being has his rights and sustenance determined according to the level of his business.
- d) Practicing sharia economics or Islamic economics means supporting the amar ma'ruf nahi mungkar movement, because the funds collected can only be used for halal businesses or projects. Every Islamic economic activity is only permitted to be used in businesses that are in accordance with Islamic law and must not carry out conflicting activities such as liquor factory businesses, drug and narcotics businesses, gambling businesses, hotels used for immorality or entertainment venues that have an evil nuance such as clubs. night and others (Septian & Thamrin, 2021) .

The urgency of sharia business development includes:

- a) Equality in obtaining opportunities to carry out all economic activities.

Economic provisions in sharia economics have been outlined in maqashid sharia which is in accordance with Islamic teachings in the form of hifdz ad-din (religion), hifdz an-nafs (soul), hifdz aln-nasl (honor), hifdz al-maal (treasure). So that with these provisions, the economy can run well and every economic actor can get the opportunity to achieve prosperity and happiness in fulfilling life's needs. Especially in following the digitalization pattern in the economic sector, economic actors can take advantage of existing technological and information advances in accordance with sharia rules . With the existence of the Sharia economy, digitalization of the economy, especially through the marketplace, will prioritize equality of opportunity in gaining access to resources and taking advantage of opportunities to carry out economic activities in accordance with the abilities and skills possessed to compete in the digital economy fairly. It is hoped that the prosperity and happiness of all levels of economic actors can be achieved through justice in all economic fields.

- b) Sharia economics in digitalization in the economic sector can be realized through social justice which can be felt by every economic actor in carrying out various business and economic activities to meet life's needs. If there is competition between economic actors, whether between individuals, companies, or even between countries, then this competition can run in a healthy way. In this case, Sharia economics acts as a mediator to integrate the values of khilafah (holding power on earth) and ma'ad (end result) in every economic activity, so that social justice can be realized well throughout society.
- c) Development of digitalization of the Sharia economy as a controller if gaps occur in the economy. In carrying out their business activities in the era of digitalization, economic actors have ownership of various economic sectors, namely ownership owned by the private sector, the state, or a mixture. So as mentioned, if there is an economic gap, then Sharia economics acts as a controller.
- d) The urgency of digitizing other sharia businesses where sharia economics is taken from the value of ma/ad (results) where economic actors also contribute to generating quite large income for the country, so that it can encourage infrastructure development. With smooth infrastructure development, digital economic development will also increase rapidly, so that the efficiency of the Indonesian economy can be well realized (Azzam, 2021) .

### **Digitalization of Sharia Business Development**

In the current digital economy era, personal computers (PCs) and the internet have become key technologies used for various daily needs. The use of technology such as PCs and the internet is now the beginning of the development of e-commerce or electronic commerce. The digital economy has caused many changes in the transactions of people's economic activities and businesses, from conventional to completely electronic. So that all daily activities can be carried out quickly and efficiently. All economic and business activity transactions have been carried out in the market via online buying and selling sites. Likewise, the payment process has also been carried out. If previously payments were made in cash at shops or sales centers, now digital technology makes it easier for people to make online payments, whenever and wherever

consumers want (Atmajaya & Mubarok, 2022) . Business digitalization will have great benefits for the development of sharia business in Indonesia. When conducting online business using sharia principles, there are several types of contracts that you need to know, including; cash sale and purchase contract, salam (order) contract, ji'alah (wages) contract, ijarah (rental) contract, mudharabah (cooperation) contract, musyarakah contract, share sale and purchase, foreign exchange (currency/al-sharf) sale and purchase , and tiered buying and selling (multi-level marketing/MLM). To implement a business based on sharia, we should follow what the Prophet gave an example, starting from personality, attitude, to business ethics.

With the development of digital technology, economic activities are also developing using it digital media as an intermediary. Productivity in the digital economy is carried out so that humans can fulfill all their needs. The digital economic activities carried out bring many conveniences between actors economics does not require meeting each other. Therefore, it is not uncommon for there to be elements of fraud (gharar) involved in these transactions (Azzam, 2021)

Digitalization of sharia business development is essential because it has a good impact on every business or agency. The government provides very positive support through technological infrastructure, economic development, especially digitalization of sharia business, provision of inclusion knowledge and financial literacy to increase public awareness of the productivity of digital sharia business, including a tiered digital technology adoption facilitation program for MSME players, encouraging MSMEs and Ultra Micro to advance to class. in terms of business size and sales evaluation value (turnover ) as well as strengthening collaboration from all, between government, society, business actors, together moving forward to grow and develop the national economy ( Afendi et al., 2022) .

## Conclusion

Digitalization of digital business provides many conveniences so that economic actors do not have to meet each other and makes the transaction process easier with cashless, the development of digital business makes it very easy for everyone to run a business in accordance with sharia principles and compliance supported by the government so that people can meet their living needs.

Digitalization of sharia business development is essential because it has a good impact on every business or agency. The government also provides very positive support through technological infrastructure, economic development, especially digitalization of sharia business, provision of inclusion knowledge and financial literacy to increase public awareness of the importance of technology for business in the future.

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