



The role of Islamic business ethics in moderating digital marketing, innovation, and service quality on business performance in entrepreneurs in South Sulawesi

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ABSTRACT

This study aims to describe how the role of business ethics moderates the influence of digital marketing that is currently developing, how innovation and service quality when Islamic business ethics are linked, whether it affects business performance improvement in micro and small businesses in South Sulawesi, types the research used in this research is quantitative, using a purposive sampling technique, where the number of samples used is 100 respondents who have businesses in the product or service sector, micro & small. In contrast, the research approach used in this study is Regression Moderating Analysis (RMA) using the SPSS application. Based on the results of the analysis of micro-small businesses that have attended entrepreneurial training, by linking Islamic business ethics in carrying out digital marketing, innovation, and service quality, have increased or differentiated in hooking up the market and getting higher customer loyalty than businesses that do not apply business ethics Islam in entrepreneurship.

Keywords: Islamic Business ethics; digital marketing; innovation; service quality; business performance; entrepreneurship

1. INTRODUCTION

The development of the digital era has had an impact on the buying and selling system and marketing, where a lot has changed starting from the system, habits, and ways of conveying aims and objectives; selling in this era is no longer a difficult thing, everyone can sell everything can buy, that is. Previously, the target market was very much dominated by zoning; now, it is cultivated and unlimited. Everyone from anywhere and

from anywhere can buy our wares because of digital marketing, the ease of accessing information, and the ease of making payments.

Based on data from Internet World Stats for 2019, internet users have reached 58.78% of the total world population, namely 4,536,248,808 people as of June 2019. 50.7 % of world internet users come from the continent of Asia, namely 2,300. 469,859 people. Based on data from Statistics for 2019, from 2009 to 2019, Asia experienced a significant increase in Internet users yearly compared to other continents, ranging from 764.4 million to 2.3 billion people. In Asia, the most significant Internet users are China, with 854,000,000 people, with 560,000,000 people, Indonesia serial number 3, with 171,260,000 people; Japan, serial number 4, with 118,626,672 people, Philippines serial number 6, with 79,000. 000 people, Vietnam serial number 8 with 68,541,344 people, Thailand serial number 9 with 57,000,000 people, Malaysia serial number 11 with 26,353,017 people, and Singapore serial number 22 with 5,173,907 people. From these data, it can be seen that Asia is the largest Internet user in the world and is likely to increase every year; this is both an opportunity and a challenge for the business world.

Since the outbreak of the COVID-19 virus in early 2020, social media has increasingly been used as a tool for promoting business or as a source of information for businesses; Indonesia is one of the countries that uses social media quite often. Based on the results of Wearesocial Hootsuite's 2020 research, it is stated that there are 175.4 million internet users in Indonesia.

(Sensor Tower, 2020) In comparison, between 2019 and 2020, there was an increase in social media users by 17% or 25 million social media users in Indonesia. Based on the total population of Indonesia, which amounts to 272.1 million people, it means that 64% and half of Indonesia's population have experienced access to cyberspace. Internet users, on average, are aged 16 to 64, each owning or using a variety of devices, including mobile phones (96%), smartphones (94%), non-smartphone mobile phones (21%), laptops or desktop computers (66%), tablets (23%), game users or consoles (16%), to virtual reality devices (5.1%). It is known that currently, there are 338.2 million Indonesians who have cell phones. It is known that there are 160 million active users of social media. Indonesian internet users often use several social media applications, namely TikTok, YouTube, WhatsApp, Zoom, Facebook, Instagram, Twitter, Line, FB Messenger, LinkedIn, Pinterest, Snapchat, Skype, Tumblr, Reddit, Sina Weibo and more.

The business world must be quick and agile in carrying out business transformation, especially in marketing from conventional marketing to digital marketing, especially now that Industry 4.0 has entered the era and is heading towards Society 5.0, which uses digital technology, if this is not carried out, the business will most likely experience a setback because consumers will leave it. In terms of digital marketing opportunities, there are enormous opportunities to get consumers via the Internet so that the business world can grow and develop. Meanwhile, from the challenges, the business world must prepare itself to transform to digital marketing, such as finance, strategy, and qualified resources.

The conveniences offered by digitization are not that simple because many abuse them, so they take advantage of the convenience of this technology where it is not in place. An example that occurs in the field is the use of digital marketing; sometimes, the content created by business actors is not in accordance with the place, is too vulgar, and sometimes does not consider existing etiquette or norms, such as in live broadcasting clothes that are too revealing or even using less ethical words (vulgar) then on the innovation side, an innovation that is too creative then forgets the etiquette and norms side. For example, in 2016 there was a millennial generation who made snacks with unique packaging but were not marketable because the design of the packaging used an image of an adult woman's body in a bikini. Fake accounts of deception cannot be avoided; it is from these various problems that the author is interested in researching whether applying business ethics in Islam can cover or increase customer confidence in transactions, thus increasing the performance of business actors.

Through the Qur'an and Hadith, Islam has regulated how business activities can provide prosperity and happiness (benefit) both for the environment in and outside the business. Islam is a source of values and ethics in all human life, including business discourse. Islam has a comprehensive insight into business ethics. From the basic principles, the main points in trade, factors of production, labor, organizational capital, distribution of wealth, issues of wages, goods, and services, and qualifications in business to socio-economic ethics concerning property rights and social relations.

Islam places business activities in a very strategic position amid human activities seeking sustenance and livelihood. Therefore, it is essential to have ethics in business. The ethics set in business activities will undoubtedly be in harmony with the principles of morality. Therefore, researchers are interested in researching the Role of Sharia Business Ethics in Moderating the Influence of Digital Marketing, Innovation, and Service Quality on Business Performance, Mainly in the Service Sector (Micro and small) in South Sulawesi.

2. METHODS

The type of research used in this research is quantitative research using numbers with statistical calculations. Quantitative research can be interpreted as a research method used to examine a particular population or sample. The research approach used in this study is RMA (Regression Moderating Analysis). This RMA model procedure still maintains the sample's integrity as the basis for controlling the influence of the moderator variable. This integrity can be seen by using the value of the interaction variable obtained from the multiplication between the independent variable and the moderator variable. This research was conducted in Gowa Regency, Makassar, South Sulawesi, using a sampling technique, namely purposive sampling, by determining specific considerations in sampling for the research instrument; in this case, the researcher used a Likert scale by distributing questionnaires in the form of a google form with a predetermined sample, then for data processing, the researcher used the SPSS application.

3. RESULTS AND DISCUSSION

Marjukah et al. (2021), in their research entitled *The Role of Business Collaboration and Digital Marketing on MSME Business Performance during the Covid-19 Pandemic Period*, used Quantitative research with the simple random sampling technique, using a structured questionnaire, data analysis using the Structural Equation Modeling approach (SEM), with the help of the LISREL program, this survey was conducted on 112 MKM actors in the Special Region of Yogyakarta (DIY). The analysis shows that business collaboration and digital marketing significantly and positively affect MSME business performance. MSME business performance can be built by increasing business collaboration and implementing digital marketing. The strong influence of business collaboration on MSME business performance shows that business collaboration is an excellent intervening variable in the relationship between digital marketing and MSME business performance. The practical implication of this research is the need to implement digital marketing and business collaboration strategies for MSME players to maintain and win increasingly fierce competition during the pandemic and in the New Era.

Yasmin et al. (2015) investigated the *Effectiveness Of Digital Marketing In The Challenging Empirical Study* using the Writing Mix method by combining quantitative and qualitative, primary and secondary data, and systematically and theoretically analyzing. Data collection techniques from financial reports published by companies, newspapers, and articles. For this study, we randomly selected 150 companies that use digital marketing systems to sell their products to customers. In addition, we also collected data from 50 executives from different samples and other companies to find out what they think about the effectiveness of digital marketing. The results of this study show good results both descriptively and analytically, where companies can use a variety of devices such as smartphones, tablets, laptops, televisions, game consoles, digital billboards, and media such as social media, SEO (search engine optimization), video, content, emails and much more to promote the company itself and its products and services.

Andiyanto & Sufian (2017) explored *Analysis of the Influence of Market Orientation and Innovation on Competitive Advantage in the Context of Improving Business Performance (Empirical Study of the Small and Medium Scale Apparel Industry in Kudus Regency)* Quantitative Writing, Data analysis method used in this study is SEM (Structural Equation Modeling), processed using AMOS 22 software. Samples were taken from owners or managers of Small and Medium Enterprises (SMEs) engaged in apparel in Kudus Regency, with 122 respondents. Data collection was carried out using questionnaires and interviews. The results obtained from this study indicate that market orientation and innovation have a significant positive effect on competitive advantage to improve business performance. Innovation is the dominant variable affecting business performance by mediating competitive advantage, followed by the market orientation variable. Every UKM is advised to have a competitive advantage, which can be realized by developing new products, new processes, and developments in the field of marketing in order to get good business performance.

Gozali et al. (2014) conducted research on Business Performance Analysis of Marketing and Human Resources Aspects in Family and Non-Family Companies in East Java. This type of research is quantitative descriptive. The type of research used in this study was descriptive quantitative research. In collecting data in this study, a questionnaire technique was used. The sample used in this study was 180 MSE entrepreneurs in East Java. Based on the analysis and discussion of this study, more micro and small entrepreneurs in East Java are dominated by family businesses. From the results of the analysis, family firms and non-family firms have experienced a significant increase at this time in several performance indicators, such as determining customer targets, products produced, and employee wages, but there is also performance that has not increased or has not changed, such as the number of employees has not anyway, giving discounts, pricing Based on this research it can be seen that in terms of marketing performance, MSEs have experienced a pretty good increase compared to when they were first established, but there are still some performances that have not experienced changes or improvements, especially in the performance of Human Resources which have not experienced a high increase in the level of the number of MSE employees. Advice that can be given to MSEs to improve their business performance is to recruit more employees because the number of employees affects productivity and will automatically affect the business of the MSEs.

Ayyubi & Anggraini, (2019) researched regarding The Role of Islamic Business Ethics on the Performance of Food Micro, Small, and Medium Enterprises (MSMEs) in the City of Bogor. This research uses a descriptive analysis method to analyze business people's perceptions of Islamic business ethics while analyzing the role of Islamic business ethics on the performance of SMEs using the Partial Least Square-Structural Equation Modeling (PLS-SEM) method. Primary data was obtained through distributing online questionnaires and direct interviews with food MSME business people in Bogor City who are Muslim. The results of the study show that Islamic business ethics have a positive influence on the performance of SMEs.

Prajogo & Purwanto, (2020) researched The Influence of Advertising Appeals On Viral Advertising, Brand Awareness, And Purchase Intention: The Moderator Role Of Hedonic Personality. This research can be classified as explanatory research with purposive sampling and partial least square as a sampling technique and data analysis. This research is designed to focus on individuals who can be classified as active social media users with a minimum age of 18 years. The results showed that the attractiveness of advertisements (humorous and informative) had a positive and significant effect on viral intentions and attitudes towards advertisements. Thus, higher viral intent and positive attitude towards the advertisement will increase the purchase probability and level of brand awareness. Meanwhile, a hedonic personality is proven to significantly moderate the relationship between viral intention and brand awareness in this study.

The study found,

1. Digital Marketing (X1) positively and significantly influences Business Performance (Y).
2. Innovation (X2) also positively and significantly influences Business Performance (Y).
3. Service Quality (X3) positively and significantly influences Business Performance (Y).
4. Islamic Business Ethics as a moderating variable has a significant influence on the relationship between Digital Marketing (X1) and Business Performance (Y), as well as between Service Quality (X3) and Business Performance (Y).

It can be concluded that Islamic business ethics applied in digital marketing, innovation, and service quality significantly affect business performance, where customers have more trust and feel more secure in conducting transactions or buying and selling activities with business actors who apply ethics. Islamic business ethics, suggestions from the author that this research can develop better in the future because there are still many things that could be improved.

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