Ethical Violations in Business Practices on Social Commerce: Insights from Quranic Verses

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Abstract

The advancement of technology has resulted in a decline in business ethical standards, particularly within the realm of online trading on social commerce. However, this phenomenon tends to be neglected in Islamic economic studies. This study responds to the shortcomings of existing studies by focusing on explaining and reflecting on how violations of Qur’anic business ethics occur in online trading on social commerce. In order to address these issues, this study employs a descriptive qualitative approach utilizing the content analysis method. The findings of this study indicate three significant contexts in which violations of Quranic business ethics in online trading on social commerce occur. Firstly, ghorar, which occurs in misleading product descriptions and hidden fees, is employed to manipulate consumer behaviour through deceptive marketing tactics. Secondly, maisir, which takes the form of exploitation and the creation of a "viral trend" culture that could lead to impulsive and potentially unethical purchasing decisions, is a further issue. Thirdly, zolim, which takes the form of deceptive marketing practices, unfair pricing, or the exploitation of vulnerable consumers, is also a concern. These three findings collectively demonstrate that the advent of technology has negatively impacted the ethical standards observed in Qur'an business practices. Furthermore, this study recommends that further research be conducted to investigate the potential for technology to mitigate the negative consequences of online sales.

Keywords: Ethical violations; business practices; social commerce; quranic verses.

Introduction

The advent of information technology has led to the emergence of online trading activities that contravene Islamic business ethics. This lack of consideration for business ethics has given rise to a number of controversies, which have served to erode the credibility of online trading. The presentation of a multitude of products and alluring advertisements represents a prevalent mode of fraud, frequently employed (CNBC, 2020). Fraudsters frequently assume the role of sellers in online stores, marketplaces, buyers, couriers, and even customs officers in order to carry out their illicit activities (bisnis.tempo.co, 27 Agustus 2022). In fact, Ariyani reported that data from the Ministry of Communication and Information Technology indicated that there were 115,756 cases of fraud complaints related to e-commerce and online selling on social media throughout 2021. Meanwhile, data from the Indonesian Customs Authority indicates that of the 714 complaints received as of May 2022, 393 cases of fraud involved the use of online shops (bisnis.tempo.co, 2022). Consequently, the advantages and conveniences associated with online trade are not guaranteed to be realized by businesses that fail to adhere to Islamic business ethics.

The majority of studies on business ethics in online trading focus on the practical aspects of implementation. In their research, Han & Li (2021) demonstrate that the implementation of online trading represents one of the innovative poverty alleviation models. This is related to the field of business ethics, which can serve to bridge the gap between rural communities. Mustafa et al. (2022) additionally posited that the ease of use of online trading platforms and awareness of needs are two factors that influence the readiness for implementation. The supporting variables in the implementation of online trading are presented by Qurtubi et al. (2022), including business branding, social and economic development, an efficient e-commerce platform system, and an application framework. A review of existing studies reveals that the violation of Qur'an-based business ethics in online trading has not been discussed in depth.

The aim of this study is to address the shortcomings observed in previous research that did not consider the dimension of Qur'an-based violations of business ethics in online trading on social commerce. The

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detailed violations of business ethics outlined in the Qur'an represent a significant factor in the analysis of contemporary violations in online commerce. This paper has two main objectives. a) it aims to map the patterns of violations of Qur'anic business ethics in trade, b) it analyses how violations of Qur'anic business ethics give birth to various forms of violations in online trade in social commerce. The objectives of this study are to provide a deeper understanding of educational activities that help people to avoid various scams that often occur when shopping online, as well as to serve as a preventive measure in overcoming violations of business ethics in the wider world of trade.

This paper's argument builds around three main elements. To begin, it is believed that the practice of gharar is responsible for the vast majority of violations that occur in online trading. This is visible in the sale process, which involves conveying descriptions of the things sold and delivering them to the buyer's residence. Furthermore, gharar is visible in the sale of unknown-quality goods. Similarly, transactions with imprecise information increase the prevalence of gharar. In addition, transactions with imprecise information contribute to the practice of gharar. The sale of food items with no indication about their origins or whether they are halal. Secondly, the practice of maysir contributes to market instability and the manipulation of market prices, rendering the pricing system uncontrollable. This, in turn, affects the instability of regulatory changes. Thirdly, the violations that occur in the practice of injustice do not only involve sellers; they also extend to buyers and providers of goods. Consequently, the full extent of the ethical violations that occur in online trading can only be properly understood by mapping the forms of violations, the causes of these violations and the implications that accompany them.

**Literature Review**

**Qur'anic Business Ethics Violations**

Islamic business ethics are norms, ethics and morals carried out in accordance with Islamic values based on the Qur'an and Hadith. This ensures that there are no doubts about the ethicality of business practices and that they can be conducted with a clear conscience (Usman, 2022). The Qur'an contains three terms related to business ethics: tijarah, al-baiy' and istara. These terms all convey the same meaning, namely commerce or buying and selling. Furthermore, Kasim et al. (2022) identified at least five ethical values in business: spiritual-transcendental value, hereafter-oriented business, avoidance of fraud and falsehood, business free from all forms of exploitation or usury, and business that does not distract from remembering God. In accordance with this, Abdul Mannan (2021) posits that there are five aspects of business ethics implementation in Islam, namely unity, equilibrium, free will, responsibility, and truth and honesty. From the principles of Islamic business ethics, it can be said that the violation of Qur'anic business ethics refers to a condition where there is a defect in the meaning, value and procedure of running a business.

A number of studies have been conducted on the subject of business ethics violations in the Qur'an, with the results being analyzed from a variety of different perspectives and in relation to a number of different social contexts. Previous studies can be grouped into at least two categories. The first category encompasses studies on the failure of the implementation of business ethics (Amini & Rosyidi, 2020; Harkaneri, 2013; Salfianur et al., 2021). Amini & Rosyidi, (2020) demonstrated that the implementation of Hajj and Umrah travel businesses by several companies continues to exhibit a lack of ethical conduct. This is evidenced by the large number of pilgrims who fail to depart. Moreover, numerous studies have been conducted on the subject of the digital economy (Arisandi & Abadi, 2022; Ayuningtyas, 2022; Nasrulloh, 2022). For instance, Triwibowo & Adam (2023)) study examines how the transition from a physical to a digital business environment has led to numerous violations committed by business actors. The findings of this study indicate that business practices in the digital economy era are still included in the muamalah area, which has a permissible original law until there is an argument or nash that prohibits them. In this business practice, the principles of prudence and honesty are the primary principles that must be fulfilled. These are then followed by other principles of Islamic business ethics.

**Online Trading**

Online trading is defined as a buying and selling transaction that is carried out exclusively through digital channels, and does not necessitate any form of physical or in-person interaction between business actors
and consumers (Wati, 2023). Online trading represents a model of electronic commerce, forming part of an online business that has a scope that not only facilitates the commercial process but also collaborates with business partners, consumer services and even job vacancies (Rehatalanit, 2021). The utilization of online commerce continues to evolve in parallel with the evolving lifestyles of consumers and producers alike (Rahman et al., 2022). Tolstoy et al. (2022) posited that online trading trends are also strongly influenced by economic policies, changes in customer behavior and improvements in logistics technology. This is consistent with the characteristics of the global online trading market, which is characterized by volatility, the emergence of new business models and products, and rapid and extensive change (Munoz et al., 2023). The study by Maruli et al. (2021) further asserts that the transition from a physical to a digital commerce environment necessitates the establishment of pertinent regulations, policies, and enforcement mechanisms to ensure the security and control of the trading process.

Studies investigating the implications of online trading typically identify two possible outcomes: a positive impact and potential negative consequences. The study by Suharto et al. (2022) demonstrates that online commerce offers enhanced prospects for business development. These advantages can be observed in six key areas: expanded market reach, increased sales, enhanced external communication, improved corporate image, accelerated processing speed, and enhanced employee productivity (Rahayu & Day, 2017). In contrast, Simanjuntak (2019), demonstrated that the limitations of online commerce emerge during the transitional phase from traditional to digital business among economic actors. In the context of a more general society, e-commerce users are also still limited to young people. Rybaczewska & Sparks (2022) highlight the existence of an age-related gap in digital activity, access, and capabilities, with older users being particularly constrained. Consequently, although online commerce has attracted the attention of economic businesses with remarkable alacrity, there are still numerous shortcomings in its implementation that require further development and special attention.

Social Media

Social media is understood to represent a medium on the internet that allows users to not only represent themselves, but also to collaborate, share, communicate, interact, and form social bonds with other users (Purawinangun & Yusuf, 2020; Rafiq, 2020). This can be evidenced by the fact that social media fulfills three forms of interaction, namely recognition, communication, and cooperation (Rafiq, 2020). The advent of social media has led to a transformation in the way people interact with one another, influencing the evolution of culture, norms, values, and ethics within society (Cahyono, 2016; Yamamura, 2023). The shift that occurs is based on three key factors: the advent of more fluid time, the ease with which messages can be constructed, and the growth of universal networks (Mutiah et al., 2019). The advent of social media has facilitated the emergence of more complex encounters. Communication on social media is public and open, allowing for the free interpretation of ideas and commentary between users (Levin & Mamluk, 2021).

In a study by Karaoglan Yilmaz & Yilmaz (2022) it was found that the advent of social media has both positive and negative implications. The positive aspect of social media is exemplified by its contribution to economic development, as evidenced by the growth of advertising companies and online businesses that utilize social media for sales promotions (Rifti et al., 2022). This application offers a plethora of promotional, entertainment, and commercial offerings that appeal to business customers (Rosmiati et al., 2022). The advent of social media has transformed the landscape of marketing, rendering it more accessible, cost-effective, and sustainable (Adwan & Altrjman, 2024). Furthermore, Purba et al. (2023) indicate that social media can have a negative impact, with particular relevance to various ethical violations within the business system. These issues include the theft of business ideas, fraud, the random use of tags, and the unauthorized use of photos of other people’s products. In accordance with this, Astawa (2023) discovered in his research that business ethics in social media have a considerable impact on the advancement of companies, the level of customer satisfaction, and consumer loyalty. This illustrates the significance of business ethics in online trading in the digital era.

Method

This research is an analytical study of online trading conducted within the context of social commerce. This selection is based on the very limited studies that examine the ethical considerations of online trading.
The existing literature focuses on the implementation and strategy of its use in social life without addressing the issue of the widespread violation of Islamic business ethics on social media. This paper employs the concept of Islamic business ethics to illustrate the process of transactions and buying and selling activities that align with Islamic economic values.

This research study employs a qualitative methodology through a case study approach to investigate instances of non-compliance within online trading on social commerce. The case study method was employed to gain insight into the background, motives, and implications of violations in online trading on social commerce. For the purposes of this study, Tiktok was selected as a social commerce platform that integrates social media and commerce. The selection was made on the basis of the observation that Tiktok has a larger number of customers than other social commerce platforms.

The data sources employed are of a secondary nature, comprising images, visuals, and other textual information pertinent to the research focus. The data was obtained through a search process on TikTok to identify relevant information. The keywords used to search for data on goods traded included food, clothing, cosmetics, and online games. The secondary source was selected on the basis that these four items represent the most popular sales on the Tiktok social commerce platform.

The data collection process is conducted in three stages. The initial step involved mapping the verses of the Qur'an and their translations that address the prohibited practices of buying and selling (gharar), gambling (maysir), and oppression (zulm). In addition, verses related to the principles of trade are justified by Sharia. Secondly, evidence of violations of business ethics on TikTok in relation to gharar, maysir, and zolim will be sought. Thirdly, the evidence collected will be coded and subsequently categorised. The collected data will be subjected to qualitative analysis, employing content analysis techniques.

The data analysis techniques utilised by Miles and Hubermann (2014) comprise data reduction, data display, and verification, which are then used to draw conclusions. Data reduction involves the process of eliminating irrelevant data to streamline the information required. Data presentation entails the organisation and classification of data in a way that facilitates comprehension and the utilisation of data. Finally, the process of drawing conclusions entails drawing inferences from the data that has been compiled and presented. The data analysis technique was selected to facilitate a comprehensive analysis of the grouping, coding, and categorising of data.

Result

a. *Violation of Qur'anic Business Ethics in the form of Gharar*

<table>
<thead>
<tr>
<th>Indicator of Ayat</th>
<th>Evidence</th>
<th>Coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Al-Baqarah 188; 2. Al-Nisa 29;</td>
<td><img src="https://www.tiktok.com/@kimberlybeauty88/video/7233070528716639493?q=kosmetik%20murah%20live&amp;t=1709459968343" alt="Image" /></td>
<td>The purchaser expressed dissatisfaction with the product delivered, as the agreed specifications differed from the actual package contents.</td>
</tr>
</tbody>
</table>

Table 1 above provides an explanation of the phenomenon of incomplete information leading to dissatisfied customers who purchase goods that fail to meet their expectations due to lack of clarity. The specifications diverge from the buyer's expectations. This is due to the fact that the product description is only conveyed through images. The practice of gharar is evidenced by the seller's failure to honour the terms of the contract with regard to the guarantee of goods.

b. *Violation of Qur'anic Business Ethics in the form of Maysir*
Table 2.

<table>
<thead>
<tr>
<th>Indicator of Ayat</th>
<th>Evidence</th>
<th>Coding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al-Baqarah 90-91</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Al-Baqarah 219</td>
<td></td>
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</tr>
</tbody>
</table>

The sales mechanism process is the procedure by which the buyer reviews the merchandise and makes the payment of their choosing on the TikTok live streaming application.

Source: https://www.tiktok.com/@racunnyaayuuuu/video/7325580463945436421?is_webapp=1&sender_device=pc&web_id=734106403753915394

As illustrated in Table 2, this form of buying and selling can be conceptualized as part of the general process. The introduction of video shopping and live streaming on TikTok Shop, while ostensibly designed to empower small businesses, raises concerns about the potential for exploitation and the creation of a "viral trend" culture that could lead to impulsive and potentially unethical purchasing decisions. The sale of goods at a low price can facilitate the practice of maisir.

c. Violation of Qur'anic Business Ethics in the form of Zolim

Table 3 above illustrates the discrepancies that occur between contracts and the sale of goods that are subject to measurement changes, which can result in deceptive marketing practices, unfair pricing, or the exploitation of vulnerable consumers.

Discussion
The present study examines violations of Qur'anic business ethics that occur in online trading on social commerce.

*The Term "Gharar" Encompasses a Number of Forms of Uncertainty Related to the Condition of the Goods Purchased, the Quality of the Product, the Actual Price, and the Time of Delivery of the Goods.*

The violation of the Qur'anic business ethic in the form of gharar has implications for the uncertainty of the goods being transacted, which in turn leads to a reduction in the level of interest among potential buyers. This uncertainty is manifested in terms of quality, information, price, and the benefits received. It is not uncommon for buyers to receive goods that deviate from the specifications displayed. As demonstrated by Endang Komsiah (2022), the establishment of trust between seller and buyer is a fundamental aspect of online sales. Another study by Aisyah Siregar et al. (2020) on the performance of social commerce, which is still below consumer expectations, has demonstrated that satisfaction is neglected. Furthermore, Fatimah and colleagues (2021) posited that the maintenance of the practice of gharar would result in a decline in customer loyalty. From this description, it can be concluded that violations of trade norms in the form of gharar may result in buyer disappointment.

The discrepancy in the quality of goods in the transaction process is attributable to the seller's failure to exercise due diligence in the shipping of goods, the production of goods, the transmission of documents, and the utilization of the online sales system. It is imperative that sellers adopt an open and honest approach with regard to the sales system at the outset of the transaction. In this instance, the principles of business ethics as outlined in the Qur'an can serve as a framework for the development of a more structured system, thereby enhancing the confidence of buyers and ensuring their satisfaction. Qanita an Nabilah (2021) posits that Islamic business ethics, as derived from verses of the Qur'an, encompass elements of tawhid, usury-freeness, honesty, justice, and accountability, which must be adhered to in all transactions. Busriandi (2022) asserts that the primary source of Islamic business ethics is the Qur'an. This encompasses a number of ethical behaviors (akhlaq al Islamiyah), wrapped in shar'iah values which prioritize halalness in every commercial transaction. From this description, it can be concluded that the primary objectives of business ethics in the Qur'an in any trade transaction are to ensure buyer satisfaction and trust.

*Maysir is a Term that Encompasses Elements of Uncertainty, Speculation, and Profit in the Transaction.*

The practice of maysir represents a violation of the ethical standards that govern business conduct. This has implications for the confidence of consumers in engaging with social commerce. The fundamental principles of business ethics are based on the principles of autonomy, honesty, justice, mutual benefit and moral integrity. Consequently, it is imperative to maintain moral ethics between buyers, sellers, and platform providers (Haurisa, 2014). The occurrence of any one of the three elements experiencing a loss that leads to disappointment may have a significant impact on the sustainability of the existing trade. The expression of buyer dissatisfaction or disappointment is typically manifested in the form of complaints. Complaint behavior is defined as all possible opinions on dissatisfaction expressed at the time of purchase, during the consumption process or while the item is in the possession of the consumer (Crie, 2003). This behavior will be exhibited by post-purchase consumers following an assessment of the goods or services they have received (Zeithaml, Bitner, & Gremler, 2009).

The emergence of maysir can be attributed to three key factors. Firstly, there is a lack of effective supervision from law enforcement officials. Secondly, there is a cultural acceptance of such practices. Thirdly, there is a failure to deliver the object of the transaction. Online fraud, whereby consumers become victims of dishonest sellers or fictitious sites, is an example of inadequate supervision by the authorities. This is frequently accompanied by violations of intellectual property rights, such as the sale of counterfeit goods, which also often occurs without adequate action. Muhammad Irawan (2022) posits that the significance of compensation to victims of online transaction fraud lies in its role in securing victims’ rights, which represents a form of justice. Cultural norms are one of the behaviors that, like instant, also mark the cause of the emergence of other behaviors. In their 2021 publication, Engel, Blackwell, and Miniard posit that consumer behavior encompasses actions undertaken in the pursuit of and consumption of products. They further assert that cultural values exert a profound influence on an individual's desires and behavior. Furthermore, organizational culture plays a pivotal role in shaping organizational identity, fostering collaboration, and enhancing attitudes towards one's work. As Kotler and Keller (Reshanti Dea, 2022) posit,
a multitude of factors, including culture, subculture, social class, lifestyle, and age, influence purchasing decisions. Finally, the incompetence factor can be observed in the following aspects: trust, risk, ability, integrity, benevolence, and service (Ryantina Julia Viva, 2023). From this description, it can be concluded that violations of business ethics are likely to place buyers in a disadvantaged position.

**Zolim (an element of unfairness is inherent to the transaction)**

Violations of justice in online transactions have implications for legal action and financial loss. This is why consumer protection and fair dealing are essential. Consumer protection and fair dealing are necessary to ensure the safety, health, and interests of consumers and businesses. With legal protection, consumers can obtain legal certainty that helps them transact with fair and correct policies, preventing breaches of personal data, fraud, and abuse by businesses. In a 2022 study, Viola a. Ikhsan posited that electronic transaction methods that do not facilitate direct interaction between business actors and consumers, and the inability of consumers to directly view the goods they have ordered, have the potential to cause problems that harm consumers. This erasure of the bargaining rights of buyers has led to the establishment of Law No. 8 of 1999 concerning Consumer Protection, which is designed to protect consumers. Conversely, the principle of fairness in business transactions encompasses the right of consumers to receive accurate, transparent, and honest information regarding the quality, condition, and warranty of the goods and services purchased. Furthermore, Karoule (2022) asserts that consumers are also entitled to compensation or replacement in the event that the goods or services received do not align with the agreed terms and fail to meet the agreed standards.

The violation of business ethics in the form of zolim is based on several principles affirmed in the Qur’an. Injustice, as the antithesis of justice, signifies that transactions containing injustice can inflict harm upon one of the parties involved in the transaction. Firstly, the prohibition of acquiring wealth by false means, such as fraud and dishonest practices. Wibikasana (2023) posits that the principle of mubahahah should serve as the legal basis for e-commerce transactions, given the human need for technological development to improve and avoid weaknesses, as well as to balance mechanisms. Secondly, businesses must be free from usury and have a social function through zakat and sadaqah. Baznas (2024) and OCBC (2023) posit that business transactions have the potential to contribute to the construction of a more just and socially equitable society. Zakat is a financial obligation for Muslims that serves to distribute wealth evenly to those in need. Sadaqah, on the other hand, is the act of giving something without expectation of return to others. By conducting business in accordance with Sharia principles, companies can contribute to the reduction of social inequalities and make a positive impact on society. Thirdly, business must be conducted in a manner that does not result in an unfair reduction of rights to goods or commodities. Business transactions must be conducted in a manner that does not result in the unfair reduction of rights to goods or commodities. This referred to as "hedging," a strategy employed to anticipate and prevent business and financial losses, such as potential bankruptcy (Islami, 2018). In business transactions, the rights to goods or commodities must be received and passed on in a fair and transparent manner. From this description, it can be concluded that the prohibition of wrongdoing is a form of self-care and care for others. By aligning their practices with the moral framework outlined in the Quran, businesses can not only strengthen consumer trust but also contribute to the establishment of a more equitable and socially responsible commercial environment.

**Conclusion**

In the rapidly evolving digital landscape, the influence of social media platforms has permeated various facets of our lives, including the realm of business. The Qur’an places a strong emphasis on ethical conduct across all aspects of life, especially in the realm of commercial activities. This directive underscores the importance of businesses operating in ways that benefit all parties involved and adhere to the principles of Islamic ethics. Moreover, it is crucial for businesses operating on platforms like TikTok Shop to adopt a more holistic approach that integrates Islamic ethical principles into their marketing strategies. This may involve ensuring transparency in pricing, avoiding deceptive advertising, and prioritizing the well-being of consumers over excessive profit-seeking.

The limitation of this writing lies in the lack of specific empirical data regarding unethical business practices on TikTok Shop. Further research is needed to deeply explore the implementation of Islamic business ethics in the evolving e-commerce platform context. The study also recommends further research into the
impact of technology on the negative effects of online selling. It is imperative that unethical business practices on digital platforms are monitored and addressed comprehensively in order to realise a more balanced and equitable commerce.

References


