

## Navigating Modernity: Ethical Practices and Islamic Economic Values Among Traditional Second-Hand Goods Traders

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### Abstract

*This study investigates the integration of Islamic values and modernization in the practices of second-hand goods traders in traditional markets within Riau Province. Using a qualitative approach, the research employed semi-structured interviews and a hierarchical analysis process (AHP) questionnaire to assess the weight of various indicators related to Islamic economic ethics and market modernization. The sample included academics, market officials, market association leaders, and business owners. Key findings reveal that Islamic values, particularly the avoidance of usury, are highly emphasized among traders, with an achieved weight of 65%. Indicators such as avoiding usury and ensuring product quality were rated significantly, with weights of 40% and 36%, respectively. The study highlights that while Islamic values are well integrated, social and cultural factors remain a challenge. The lowest weight was observed in the social and cultural dimensions, indicating a need for increased community engagement and modern market practices to boost consumer trust and sales quality. The implications suggest that policymakers should focus on promoting ethical trading and market modernization, while educational programs can enhance traders' understanding of Islamic economic principles. Future research could expand to other regions and explore the impact of technological advancements on market practices and Islamic values. This study provides a foundational understanding of how traditional markets can align with modern values while adhering to Islamic principles.*

**Keywords:** *Islamic Economic Ethics, Modernization of Traditional Markets, Hierarchical Analysis Process (AHP), Second-Hand Goods Trading, Riau Province Market Practices.*

### Introduction

With a population exceeding 200 million, Indonesia represents a highly promising market. This is the reason why large-scale retailers, both domestic and international, are capitalizing on this potential by expanding modern markets in the country (Maulidizen, 2019a). The impact has been significant. In nearly every corner of cities and even rural areas, these modern markets, particularly minimarkets, are easily found. The rapid expansion of modern markets threatens the livelihoods of traditional market traders, even though traditional markets play a significant role in the country's economy and cater effectively to the needs of lower-income communities (Maulidizen, 2019b).

Traders in traditional markets fall within the category of Micro, Small, and Medium Enterprises (MSMEs), which make a substantial contribution to Indonesia's economy. According to the 2016.

statistical census, 71% of business activities in Indonesia are dominated by traditional traders (BPS, 2020). From these statistics, it is clear that traditional markets have a considerable influence on the livelihood of Indonesian people (Haris et al., 2024). Examining the dynamics of traditional markets in Riau Province from 2000-2020, there is a unique aspect of the traditional second-hand markets. These markets often sell high-quality used goods, such as clothing, electronics, household items, musical instruments, and more. Traders in these markets continue to uphold Malay traditions that incorporate Islamic values in their transactions. There is no trade in goods prohibited by religion (Maulidizen et al., 2024). These traders have managed to

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survive and continue their activities in traditional second-hand markets, even amidst the pressures of modernity, particularly from the millennial generation, known for its distinct characteristics (Naqvi, 1978).

Several other academically significant factors make traditional markets in Riau Province worthy of study. *First*, from the aspect of ethics and Islamic economic values, preliminary evidence reveals the following: (a) Market traders in these regions continue to preserve Malay traditions that embody Islamic values in their business practices. There are no markets engaging in the sale of goods prohibited by Islamic law (Fadel, 2008), and (b) Islamic ethics and values are still deeply ingrained in the majority of traders' conduct, as seen in practices such as allowing extended bargaining time for buyers (Maulidizen & Pratiwi, 2020). Moreover, both traders and buyers show respect for prayer times, especially on Fridays, when nearly all male traders and buyers attend mosque services (Vogel & Hayes, 1998). *Second*, from the economic perspective, a distinguishing feature of Riau Province's traditional markets is the trade of high-quality second-hand goods, including clothing, electronics, household appliances, musical instruments, and others.

The characteristics of modern markets, as outlined by Kravchenko (S.A, 2008), include: (a) Society in General: A community where individuals live and work together toward common interests, abiding by shared norms, customs, and a structured way of life; (b) Society with Open Management: Communities characterized by openness and free communication across various spheres of life, without significant barriers (Muthoifin et al., 2024) (c) High Mobility Society: Communities marked by frequent movement to various destinations, without the intention of permanently settling in one area; and (d) People with Objective Thinking: Socio-economic factors dominate the social grouping in modern industrial societies. The growth of Islamic banks' gross assets, financing, and savings in West Sumatra lags behind that of neighbouring provinces. The following figure illustrates Islamic banks' gross assets, funding, and depositor funds in Nanggroe Aceh Darussalam, North Sumatra, West Sumatra, Riau, and South Sumatra. It indicates that the progress of Islamic banks in West Sumatra remains notably lower compared to other provinces.

## Literature Review

### *Business Ethics in Islamic Thought*

In Islamic thought, ethics are viewed as moral principles or behaviors designed to shape human character, as indicated by various Quranic verses and the teachings of the Prophet Muhammad (Khan, 1971). Studying business ethics involves analyzing what is considered good or bad, right or wrong within a business context, referring to moral principles. These principles guide decisions and behaviors, emphasizing what is commendable or reprehensible, reasonable or unreasonable, and appropriate or inappropriate (Mukti, 2022). The objective of learning ethics is to comprehend human experiences and make morally sound choices, thus defining business ethics as a set of values concerning conduct and decision-making based on moral principles in business settings (Mukti, 2022).

### *Islamic Economics*

Islamic economics can be termed, as the application of different ideas defined in the sharia, which tries to enhance their true justice on how resources are consumed, and their obligations to Allah and society are fulfilled. It regards the values of balance and fairness, as explained by the Arabic word *al-iqtisad al-Islami* (Anwar, 2003). Authors such as M. Abdul Mannan and Naqvi have further discussed Islamic economics as the fusing of ethical and philosophical ideas with practical bearing, suggesting concern for both the formulation and execution of a more just and balanced economic order (Damanhuri, 2011).

### *Modernity and Traditional Markets*

Markets Modernity is a movement when societies start shifting from traditional forms to those that are rational and diversified. Associated with westernization, modernization has many spheres in life including fashion, that local trends are mainly influenced by what is global (Suyanto, 2023). Traditional markets of the type found in Riau Province, adhere to cultural values and Islamic values even under the weight of modernity. These markets sell basic needs usually second goods and provide ethical trading in accordance

with Islamic terms. They still flourish in the midst of modern markets, signifying the ability of the traditional trading systems to withstand the dynamics of modern trading (S.A, 2008).

## Research Method

This research investigates the values of ethics and Islam that are present among the traditional market traders of Riau Province, how do these values advance the current trends in modern market establishments. It seeks to determine, the values with highest degree of weight, through qualitative research, that starts with semi-structured interviews and proceeds with a questionnaire using the Analytic Hierarchy Process (AHP) technique.

**Data Collection and Analysis:** First. Semi-Structured Interviews: Conducted among academic specialists, head of market department and chairman of market association. The interviews were based on the following questions: (a) Understanding of Islamic values with regards to trade and conduct in the market, and (b) Islamic economics with respect to the market during its evolution to modernity. Second. Questionnaire and AHP: Case study subjects were also shown a questionnaire after interviews, and its integration with other transcripts were used in AHP to measure the severability of various variables and indicators. Stages: First. Initial Interviews: (a) Subjects; academic specialists, head of market department, chairperson of market association, b) Purpose: to acquire initial information in Islamic laws in buying and selling at local markets and on how these markets are evolving. Second. Questionnaire Construction: (a) Source: Drawing from literature and from the results of the preliminary interviews, and (b) Method: Anchored on AHP, a hierarchical analysis that focuses on the determination of the weight of different variables and indicators was employed.

**Sampling and Data Collection:** (1) Area: Indragiri Hilir district, the traditional market of Tembilahan which is famous for selling used goods from Malaysia and Singapore; (2) Respondants: Experts: 3 academicians, 1 market department head, 1 market association chairman, and Business Owners: 4 business owners under confidentiality; and (3) Pilot Study: The purpose for this study was to determine the variable and the indicator with the highest weight. Data was collected and analyzed in order to assess the degree of AHP metric in measurement of modern market economy's achievements and the performance level of aspects.

**Table 1. Expert Demographics**

Variable	Sub-Group	Total
Field of Experts	Academic Expert	3
	Head of Market Office	1
	Head of Market Association	1
Experience	0 to 10 years	3
	11 – 20 years	1
	More than 20 years	1

The pilot study was dealt with to learn the relative importance of these various variables or sub-indicators, however, the sub-indicators were subsequently established and weight was assigned through distribution of questionnaires at site. Then this research analyzed the contribution of the established weights to the modern market. It was in this context that a questionnaire using the relative weights of structure and several variables was created. This was done using the AHP, or Analytic Hierarchy Process, which uses the technique of pair comparison across each of the variables and indicators in an attempt to establish their extent of dominance. It was also useful in analyzing the effects of the most weighted variables and indicators on the processes of modern market transformation.

The population sample of the research was taken from Pasar Jongkok Tembilahan traditional market located in Indragiri Hilir district. This market is characterized by a large collection of secondhand items from Malaysia and Singapore like clothes, shoes and electronics, all of which are considered as high quality and reasonably priced. During the interviews, the AHP (Analytic Hierarchy Process) technique was applied.

Included were academicians, the market department head and the chairman of the market association. Four business owners also participated in the interviews, but they were asked to keep their business name and identities a secret because the research was sensitive. The interviews have been coded in the manner presented in the below table:

**Table 2. Interviewee Details**

Interviewee	Code	Years of Experience
Academic Expert 1	A1	10
Academic Expert 2	A2	15
Academic Expert 3	A3	10
Head of Market Office	B	8
Chairman of Market Association	C	15
Business Owner 1	D1	23
Business Owner 2	D2	10
Business Owner 3	D3	8
Business Owner 4	D4	1

Analytic Hierarchy Process (AHP) has been chosen for this research aimed at making decisions concerning variables and indicators by experts and business practitioners. There were three academics, one market department head, one market association chairman and four entrepreneurs, that is, five specialists and four entrepreneurs in the sample. Several phases were involved in the interview process: developing the interview framework, piloting the interview guide, identifying and reaching the respondents, and administering the interviews. To develop and validate the questions, specialists were involved. The three key variables investigated were Islamic values, buying and selling practices, and further social and cultural context. Each of the variables was addressed in the context of the Muslim knowledge of the informants who apply it to their businesses, the cost of the goods offered for sale, and the attitude of the local people towards such goods. Table 3 presents the specific questions for each variable and each indicator.

**Table 3. Interview Questions**

Category	Interview Questions
Islamic Values	<ul style="list-style-type: none"> <li>- How does religion impact sales?</li> <li>- How does damage or defects affect buyer interest?</li> <li>- How does the model affect buyer interest?</li> <li>- What is the business impact of selling halal products?</li> <li>- How to avoid usury in financial transactions?</li> <li>- Why is recording debts and credits important?</li> <li>- How to calculate zakat?</li> </ul>
Buy-Sell Products	<ul style="list-style-type: none"> <li>- What is the impact of hiding defects in goods?</li> <li>- Why is it important not to swear or lie?</li> <li>- How to ensure the quality of goods sold?</li> <li>- Why is fair competition important?</li> <li>- How to communicate generosity and flexibility in transaction times?</li> <li>- Are there differences in product labeling between countries?</li> <li>- Why is buyer trust important?</li> </ul>
Social & Cultural	<ul style="list-style-type: none"> <li>- How do Islamic values affect the social and cultural aspects of business?</li> </ul>

To validate the hierarchical analysis, the Consistency Index (CI) will be checked. A CI value of  $\leq 10\%$  is considered acceptable, ensuring the reliability of the pilot study and data analysis. The study employs source triangulation and technical triangulation to enhance data accuracy and validity (Crystallography, 2016)

## Results and Discussions

After transcribing and summarizing the interviews, as shown in Table 3, the data was coded based on the respondents' answers. The key ideas were organized into the variables corresponding to the research findings. Table 4 presents the alternatives to be used for the variables: Islamic values, buying and selling products, and social & cultural aspects.

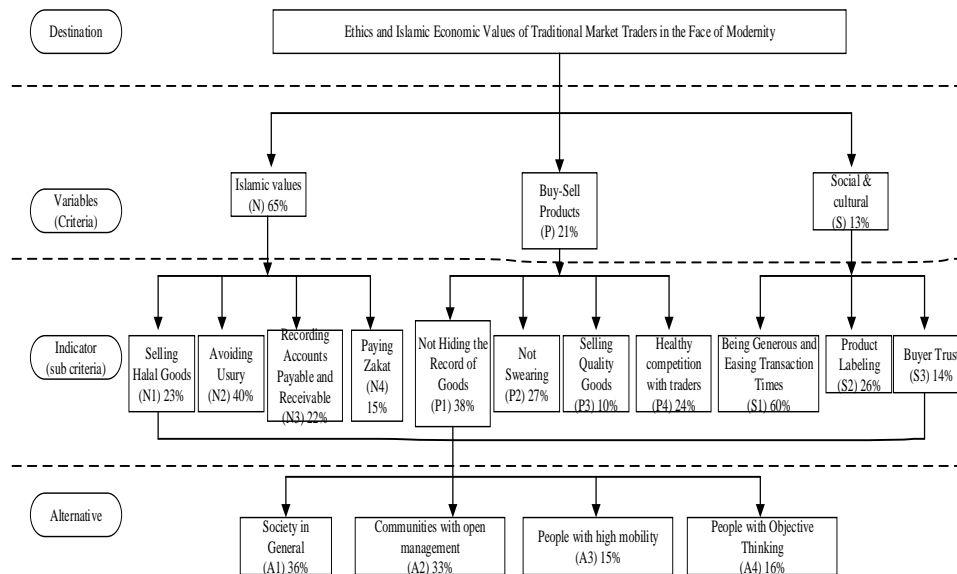
**Table 4. Interview Interpretation**

Interview Transcript	Coding
(A1) The biggest challenge for business actors is the limited halal value of business goods.	Islamic Values: Selling Halal Goods
(C) Knowledge of Islamic values in trading is lacking.	Islamic Values: Knowledge in Trading
(C) Business actors still often underestimate debt and credit.	Islamic Values: Avoiding Usury
(D1) There is a lack of understanding of business obligations.	Islamic Values: Recording Debts and Credits
(C) Business actors often deceive about the products they sell.	Islamic Values: Paying Zakat
(D2) To persuade consumers, business actors often use deceptive practices.	Buying and Selling Products: Not Hiding Defects of Goods
(C) Poor quality goods are often sold at high prices.	Buying and Selling Products: Selling Quality Goods
(B) Disputes in buying and selling sometimes lead to conflicts.	Buying and Selling Products: Not Swearing
(B) Business actors often neglect communication due to high buyer volume.	Buying and Selling Products: Competing Fairly with Traders
(A2) Unlabeled goods are sometimes sold at high prices.	Buying and Selling Products: Openness in Transactions
(C) Lack of transparency in pricing results in fluctuating prices.	Social & Cultural: Openness in Transactions

**Table 5. Selected Alternatives**

Variables	Alternative
Islamic Values	Society in General, Communities with Open Management
Buying & Selling Products	People with High Mobility
Social & Culture	People with Objective Thinking

The alternatives listed in Table 5 represent the results that will be used to develop a hierarchical analysis process (AHP) questionnaire. The results of the hierarchical analysis process are summarized in the following table.

**Table 6. Process Hierarchy Results***Pairwise Comparison Matrix of Each Variable*

The results of the weight interval analysis, as presented in Table 6, indicate that the category of buying and selling products falls into the sufficient range. This implies that the products available for sale have achieved an acceptable quality level, meeting consumer expectations. However, there remains a need to ensure that high-quality goods are consistently offered. The social and cultural variables, on the other hand, fall into the less satisfactory category. This suggests that improvements are needed to better convince the local community of the quality and reliability of the used goods being sold. In contrast, the Islamic value variables are categorized as high, indicating that the business practices of second-hand goods traders in traditional markets are generally in line with Sharia principles.

*Pairwise Comparison Matrix of Each Indicator*

According to Table 6, within the Islamic value variable, the indicator related to avoiding usury is rated highly. This indicates that business actors have achieved a satisfactory level in understanding and applying this aspect of Islamic values in their trading practices. Nonetheless, it is recommended to provide further religious counseling to deepen their understanding of Islamic principles. For the buying and selling products variable, the indicator related to not hiding defective goods is rated highest. This shows that business actors are effectively ensuring product quality and transparency. In the social and cultural variables, the indicator for being generous and easing transaction times is rated highest. This suggests that improvements are needed in facilitating negotiations during transactions. Government support may be necessary to enhance this aspect.

*Pairwise Comparison Matrix of Each Statement*

The weight interval results, as detailed in Table 6, reveal that the highest category for each indicator corresponds to the following codes: MBYH 1, MR 1, MUP 1, MZ 1, TMCB 1, TB 1, MBYB 1, BSDPP 1, BHMWB 1, LP 1, KP 1. These statements highlight the importance of engaging with the general public to foster modernization among used goods traders in the Tembilahan traditional market. To effectively transition to modern trading practices, it is crucial to approach and educate consumers in the general public category.

*Pairwise Comparison Matrix of Tembilahan Traditional Market Used Goods Traders with Selected Alternatives*

The variable that significantly contributes to the higher interval value is the Islamic value variable, which stands at 65%. This indicates that among the alternatives presented to the respondents, the average score of the general public is the highest, measuring 0.36 or 36%. Consequently, the Islamic value variables, particularly in relation to the general public, are identified as the most crucial factors in explaining the level of market penetration of second-hand goods traders in the Tembilahan traditional market.

**Table 7. Selected Alternative Values of Metric 1**

No	Alternative	Weight Value
1	Society in General	0.36
2	Communities with Open Management	0.33
3	People with High Mobility	0.15
4	A Society with Objective Mind	0.16

Based on the corresponding weight values, the general public accounts for a weight of 0.36 (36%) and plays a vital role in influencing the modernization of used goods traders in the Tembilahan traditional market.

The results of this research demonstrate the strong emphasis that Islamic values foster on ethical management among second-hand goods traders in the traditional market. The effort to avoid usury and to maintain the quality of the products is a testament to how these principles are entrenched in the way traders conduct their business. On the other hand, the issue of the enhancement requirements of the market structure also had to be considered. As the markets develop and the customers' demands become more sophisticated, the challenge of modernising and restating the Islamic ethical values becomes critical to competitiveness. The more these values are embraced and fused with modern standards, the more ethical and trustworthy the market will be.

For policymakers and market regulators, the findings provide prescription on the two aspects of ethical and structural improvement of the traditional markets. The research calls for increased investment in the market infrastructure and the governance structures that are relevant to the current consumer trends while still upholding the principles of ethics as guided by Islamic economics. By following principles of ethical trading such as usury avoidance and quality assurance, regulators can instil better consumer confidence ultimately improving the competitiveness of the market. This strategy could potentially broaden the client base, thereby making the market more lively and better functioning.

It was also found that fostering social and cultural relations with the community leadership can enable adherence to modern principles without pushing the traditional values aside. This is because community leaders are able to influence the behaviour and norms of the people; hence their participation can help during the shift to the more market-oriented systems. Social engagement works to enhance the shopping experience of consumers, thus increasing the competitiveness of traditional markets and their cultural fit with the society they serve. Social engagement therefore works to create the link between the traders and the wider community.

Also, educational activities must be undertaken if the Islamic economic principles are to be effectively met in the market practices. The study shows that it is essential for the traders to participate in educational programmes that increase their literacy on Islamic business ethics. Traders will be empowered to make choices that suit market requirements and at the same time conform to the religious doctrine. These programmes will advocate for ethical and effective operation of traders thus enhancing the sustainability of traditional markets within a fast modernising economy.

## Conclusion

The evaluation of conformity in value integration among traditional second-hand goods traders in the Riau Province reveals that the highest Islamic value has a variable weight of 0.65 (or 65%). The indicator

“Avoidance of usury – Mobilising” ranks highest among the members of the sample at a weight of 0.40 (or 40%). Finally, in indicator pairwise comparison, the alternative with the highest weight value is again MBYH code 1 with a weight of 0.36 (or 36%). This research makes several recommendations which have practical purposes. The focus should be on Islamic values during market activities and reform of the structures of traditional markets documents for policymakers and market supervisors. Areas such as how to avoid usury and the need for product quality for consumer confidence and market competitiveness should be actively promoted. Community leaders should assist the clients in assimilating the new marketing strategies and improve their shopping experiences. This research also stresses the need for specific education programmes for market traders to expand their knowledge of Islamic economics.

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