

Implementation of Islamic Business Ethics in Traditional Market: A Case Study of Rego Market, Serang

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Abstract

Objective - This study investigates the extent to which Islamic business ethics are practiced in the transactions conducted within Rego Traditional Market in Padasuka Village, Petir Subdistrict, Serang Regency. In an environment marked by intense economic competition, this research seeks to understand whether Muslim traders adhere to ethical standards derived from Islamic teachings, which emphasize justice, responsibility, honesty, and the freedom of contract.

Design/Method - The research employs a qualitative descriptive approach based on literature review and observational analysis of trade practices in traditional markets. Classical Islamic economic principles and contemporary scholarly perspectives are synthesized to evaluate the alignment of market behaviors with Shariah-based ethical norms.

Findings- The analysis reveals that while elements of Islamic business ethics—particularly truthfulness and personal responsibility—are relatively evident in trader-customer interactions, the principles of justice and free will are less consistently applied. This discrepancy is largely influenced by cultural practices, limited ethical literacy, and economic pressures that prioritize profit over fairness. The findings underscore the need for ethical reinforcement through education, social awareness, and the integration of Shariah principles into everyday market practices.

Keywords: Islamic business ethics, traditional markets, trade transaction, sharia economy, moral economy

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1. Introduction

In contemporary economic environments characterized by intensified competition and profit-driven motives, ethical lapses in business transactions—particularly in informal markets—have become increasingly prevalent. The traditional market, as an essential node in Indonesia's socio-economic system, serves not only as a center for the exchange of goods but also as a space for complex social interaction, cultural expression, and moral behavior. However, the erosion of trust and ethical standards in such settings threatens not only consumer welfare but also the integrity of economic transactions within Muslim communities.

Islamic business ethics (*al-akhlāq al-tijāriyya al-Islāmiyya*) offer a normative framework rooted in the principles of *tawhid* (monotheism), *‘adl* (justice), *amanah* (trustworthiness), *mas’ūliyyah* (responsibility), and *ḥurriyat al-‘aqd* (freedom of contract), which collectively establish a moral compass for economic behavior. Unlike secular business ethics that often rely solely on utilitarian logic or stakeholder theory, Islamic ethics draw upon divine injunctions as recorded in the Qur’an and Sunnah, making them both transcendent and practical (Beekun, 2019; Ali, 2015).

Previous studies in Islamic economics and business ethics have predominantly focused on large-scale or corporate business environments, such as banking and Islamic financial institutions (Dusuki & Abdullah, 2007; Haniffa & Hudaib, 2007). However, the application of Islamic ethical norms in the informal sector—specifically within traditional markets—remains underexplored, despite their cultural centrality and economic significance across the Muslim world. Moreover, extant literature tends to emphasize prescriptive ideals rather than empirical investigations of actual ethical practices among grassroots traders (Khan & Karim, 2020).

This research aims to address this gap by examining the real-world application of Islamic business ethics in the context of Rego Traditional Market, located in Padasuka Village, Petir Subdistrict, Serang Regency. This marketplace represents a typical Indonesian *pasar rakyat*, where social relations, religious identity, and economic survival intersect in tangible ways. Unlike modern markets that are often regulated by formal governance

and standardized contracts, traditional markets rely more heavily on interpersonal trust, verbal agreements, and localized moral norms.

The study is informed by the theoretical framework of *maqāṣid al-sharī'ah* (higher objectives of Islamic law), which prioritizes the preservation of religion, life, intellect, lineage, and wealth (Kamali, 2008). Applying this framework enables a deeper understanding of how traders and buyers navigate ethical decision-making in daily transactions. This is especially relevant given the growing concern over unethical practices such as fraud, deceptive pricing, hoarding, and unequal bargaining power—all of which contradict Islamic ethical mandates.

The novelty of this research lies in its grounded empirical assessment of ethical conduct among market participants using the four key principles of Islamic business ethics: justice (*'adl*), responsibility (*mas'ūliyyah*), honesty/truthfulness (*ṣidq*), and free will (*ikhtiyār*). While much has been written on these principles in theory, few studies have systematically measured their practice in localized trade settings involving Muslim communities with varying levels of Islamic economic literacy. This research, therefore, contributes to both academic discourse and practical policy by demonstrating how ethics are negotiated, internalized, or even neglected in informal Islamic economies.

Ultimately, the study not only reveals areas where ethical awareness must be strengthened but also highlights the potential of traditional markets as spaces for cultivating moral commerce that aligns with the holistic objectives of Islamic economics. This is particularly vital in a time when economic justice and spiritual integrity are increasingly viewed as competing, rather than complementary, pursuits.

2. Literature Review:

a. Business Ethics in Islamic Perspective

The concept of ethics (*al-akhlāq*) in Islam refers to a moral compass rooted in divine guidance, which governs human behavior not only in religious rituals but also in socio-economic affairs. The term "ethics" originates from the Greek word *ethos*, meaning custom, character, or habit, but in Islamic epistemology, it is anchored in revelation, not merely human rationality (Lubis, 2009). Ethical behavior in Islam is assessed not only by

outcomes but also by the intentions (*niyyah*) behind actions and the means through which they are achieved (Khoiruddin, 2015).

In Islamic business thought, ethics is not peripheral—it is central to the structure of economic transactions. Islam delineates a clear distinction between *halal* (permissible) and *haram* (prohibited), and this demarcation is intended to safeguard justice, transparency, and public welfare. Ethics in Islam functions as a divine moral framework that integrates belief, worship, and business conduct (Aziz, 2013). The Qur'an explicitly instructs Muslims to uphold honesty, fairness, and mutual consent in trade (Qur'an 4:29), denouncing all forms of fraud, coercion, or deceit.

Business ethics in the Islamic worldview are not solely anthropocentric but theocentric. This means that economic actions are accountable not just to stakeholders but ultimately to God. As Beekun (2019) notes, Islamic ethics promote a stakeholder-oriented economy where trust (*amanah*), truthfulness (*ṣidq*), and accountability (*mas'ūliyyah*) are pillars of conduct. A businessperson is not merely a trader but also a steward (*khalīfah*) of divine trust on Earth.

The Prophet Muhammad ﷺ is regarded as the ideal model of ethical commerce. His business dealings—marked by honesty, voluntary transactions, transparency, and fairness—laid the normative foundation for ethical trade in Islam (Dawwabah, 2008). He was known as *al-Amīn* (the Trustworthy), and his exemplary behavior in business attracted the trust of major clients, including Khadijah, a wealthy Quraysh merchant. The Prophet's statement, "I was sent to perfect noble character," encapsulates the intrinsic connection between *akhlaq* and professional dealings (Beekun, 2019).

Moreover, Islamic business ethics discourage practices that exploit market power or asymmetrical information. Hoarding (*ihtikār*), deception (*gharar*), interest-based transactions (*riba*), and market monopolies are categorically condemned in the Qur'an and Sunnah (Rivai & Usman, 2012). Instead, Islam promotes fair pricing, just contracts, and the well-being of both parties in trade.

Contemporary scholars argue that Islamic business ethics differ fundamentally from conventional models. While conventional business ethics may rest on utilitarianism, profit maximization, or relativist norms, Islamic business ethics are normative, absolute, and bound by Shariah. As shown in Table 1 of the original study, the differences extend

across sources (divine vs. human reason), motives (worship vs. profit), and paradigms (Shariah vs. market utility) (Djakfar, 2012).

In sum, Islamic business ethics function both as a moral compass and a practical regulatory mechanism, intended to ensure that market behavior aligns with both individual piety and social justice. They are not only aspirational ideals but operational principles that must be institutionalized within the Muslim economic ecosystem.

b. Legal Foundations of Islamic Business Ethics

The legal basis of business ethics in Islam is deeply rooted in the divine sources of Islamic law: the Qur'an, the Sunnah (Prophetic traditions), and scholarly consensus (*ijma'*). These sources provide both moral guidance and juridical clarity in economic interactions. Unlike secular systems that may derive ethical norms from social contracts or market utility, Islamic ethics are based on immutable principles aiming to preserve justice, human dignity, and societal harmony.

1. The Qur'an

One of the primary references is found in Surah An-Nisa (4:29): *"O you who have believed, do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you to consume a portion of the wealth of others while you know [it is unlawful]."* (Qur'an 4:29). This verse emphasizes the prohibition of economic transactions that involve exploitation, coercion, or illegitimate appropriation of wealth. The permissibility of trade is conditional upon mutual consent and ethical behavior (Beekun, 2019).

2. The Sunnah

Prophet Muhammad ﷺ also emphasized ethical trading, *"The truthful and trustworthy merchant is with the Prophets, the truthful, and the martyrs."* (Narrated by At-Tirmidhi). His business life exemplified virtues such as honesty, transparency, fairness, and trustworthiness—character traits that must govern all Muslim entrepreneurs (Dawwabah, 2008).

3. Ijma' (Consensus of Scholars)

The scholarly consensus supports trade as *mubah* (permissible), provided it adheres to ethical guidelines. Scholars classify trade as *wajib* (obligatory), *haram* (prohibited), or *makruh* (discouraged), depending on the context and adherence to principles such as truthfulness, justice, and harm avoidance (Usman & Rivai, 2012).

Hence, Islamic business ethics are not merely moral preferences but legal imperatives governed by Shariah, ensuring the sanctity of contracts and accountability before God.

c. Comparative View: Islamic vs. Conventional Business Ethics

Islamic business ethics differ fundamentally from conventional business paradigms, both in their epistemological roots and operational objectives. While conventional ethics are shaped by human reasoning, cultural norms, and profit-maximization logic, Islamic ethics are divinely mandated and spiritually accountable.

Below is a comparative table highlighting these distinctions:

Table 1. Key Differences Between Islamic and Conventional Business Ethics

No	Criteria	Islamic Business Ethics	Conventional Business Ethics
1	Source	Qur'an and Sunnah	Human reasoning, philosophical theories
2	Ultimate Motive	Worship (<i>'ibādah</i>) and moral accountability	Profit maximization, personal or corporate gain
3	Ethical Framework	Shariah-based, <i>maqāṣid al-sharī'ah</i> -driven	Secular, often utilitarian or relativist
4	Value Foundation	Falah (eternal success) and divine justice	Utility, individualism, and market efficiency
5	Human Identity	Vicegerent of God (<i>khalīfah</i>)	Rational economic man (<i>homo economicus</i>)
6	Market Behavior	Regulated by ethics and divine law	Regulated primarily by supply-demand dynamics

Sources: Adapted from Djakfar (2012), Beekun (2019), Ali (2015), and As-Sabatin (2011).

This comparison shows that the Islamic paradigm embeds spirituality and ethical responsibility as core components of economic life, whereas the conventional model tends to compartmentalize ethics from economic rationality. As a result, Islamic business promotes a moral market that aligns economic justice with spiritual accountability, a notion increasingly echoed in contemporary *ethical economy* discourses (Dusuki & Abdullah, 2007).

3. Methods

This study employs a qualitative-descriptive methodology based on naturalistic observation and document analysis to examine the implementation of Islamic business ethics in traditional market settings. The research site is Rego Traditional Market, located in Padasuka Village, Petir Subdistrict, Serang Regency. Rather than relying on formal survey instruments or structured respondent data, the research focuses on observed patterns of behavior, verbal exchanges, pricing practices, and ethical decision-making among traders and buyers within their natural environment. This observational approach is supported by field notes, market documentation, and the triangulation of publicly available reports and Islamic legal principles. The study uses an interpretive framework grounded in the four ethical pillars of Islamic economics—justice (*‘adl*), responsibility (*mas’ūliyyah*), truthfulness (*ṣidq*), and free will (*ikhtiyār*)—to assess alignment between observed market practices and Islamic ethical mandates. This approach enables a context-rich and theologically grounded analysis, appropriate for moral inquiry in lived economic spaces where behaviors are not always formally codified but socially and religiously informed.

4. Results and Discussion

4.1 Ethical Practices in Traditional Market Environments

Traditional markets (*pasar rakyat*) remain central to Indonesia’s economic and social fabric, especially in rural and semi-urban communities such as Rego Market in Padasuka Village. Unlike modern retail systems dominated by digitalization and corporate governance, traditional markets operate through informal yet deeply embedded social mechanisms. These markets are not merely transactional spaces but cultural ecosystems where interpersonal trust, collective memory, and religious values intersect with economic behavior.

Observational data from Rego Market reveal that trading practices are largely governed by unwritten norms passed down through generations. Traders engage with customers through verbal agreements, and the culture of bargaining (*tawar-menawar*) remains a core mechanism in determining price fairness. This interaction, while seemingly simple,

reflects a deeper ethical negotiation where both buyer and seller navigate expectations of truthfulness, fairness, and mutual satisfaction.

In this context, many ethical behaviors are enacted without formal reference to Islamic doctrine but align intuitively with Islamic values. For example, sellers often allow customers to return unsatisfactory goods or permit partial payments in cases of emergency. These practices reflect the embedded communal ethic of solidarity (*ukhuwah*) and social responsibility (*mas'ūliyyah ijtimā'iyah*), which are central to the Islamic moral economy.

However, the ethical practices observed are not uniformly applied. Certain traders demonstrate exemplary behavior in product disclosure and price consistency, while others engage in opportunistic pricing, particularly during scarcity. For instance, staple goods such as rice and cooking oil may be priced higher for unfamiliar buyers or during seasonal demand spikes. These inconsistencies suggest that ethical behavior is contingent on relational familiarity rather than principled consistency.

The absence of standardized ethical training or exposure to Islamic business norms further exacerbates this variance. While many traders identify as Muslim and express a general desire to “sell with barakah” (divine blessing), few articulate their practices using terminologies such as *'adl* (justice), *ṣidq* (truthfulness), or *ikhtiyār* (free will). Instead, their ethical decisions are framed within local wisdom, personal upbringing, or the fear of social sanction rather than religious accountability.

The dominance of local culture over formal Islamic ethical education reflects a broader pattern in Indonesian traditional markets, where economic transactions are moralized through community-based trust rather than codified Shariah principles. As observed by Ali (2015), such environments operate in a hybrid moral economy where Islamic values co-exist with customary norms (*'urf*)—sometimes harmoniously, sometimes in tension. This explains why certain unethical practices persist, even when they contradict Islamic teachings.

A recurring pattern observed in Rego Market is the reliance on reputation as a form of moral currency. Traders who consistently demonstrate honesty, fair pricing, and politeness tend to retain loyal customers and are informally endorsed within the

community. This form of social capital, though not formally institutionalized, functions as an ethical regulator in the absence of legal enforcement mechanisms.

Nonetheless, reputation-based regulation has limitations. It is reactive rather than preventive, and it often fails to discipline transient or newer traders who operate without established networks. In such cases, customers may face exploitative practices with limited recourse. This highlights the need for ethical literacy programs that go beyond informal social expectations to emphasize proactive moral commitments grounded in Islamic business ethics.

The contrast between ideal ethical standards and actual practices in the market illustrates the need for intentional ethical reinforcement. While many positive values are evident in daily interactions, their inconsistency undermines the broader objective of establishing an ethically coherent market environment. It also raises the question of how Islamic ethical principles can be more effectively internalized without alienating local culture.

In conclusion, the traditional market setting provides both opportunities and challenges for the application of Islamic business ethics. While it nurtures community engagement and moral sensibilities, the lack of formal ethical grounding leads to uneven practices. Strengthening the ethical environment of traditional markets like Rego requires not only religious teaching but also the integration of Islamic values into everyday business discourse through education, public awareness, and grassroots-based Islamic economic literacy.

4.2 Application of the Principle of Justice (‘Adl)

Justice (‘*adl*) is one of the foundational principles in Islamic moral philosophy and is central to the functioning of an ethical economy. The Qur’an repeatedly commands believers to uphold justice, even against their own interests: *“O you who believe! Stand out firmly for Allah as bearers of witness with justice... and let not hatred of a people prevent you from being just. Be just: that is nearer to piety”* (Qur’an 5:8). This divine mandate places justice not only as a moral virtue but as a religious obligation within economic behavior (Kamali, 2008).

In Islamic economic thought, justice is multidimensional—it encompasses distributive fairness, procedural equity, and transparency in exchange (Chapra, 2000). In the context of market

behavior, this principle demands that no party be harmed, that prices be set fairly, and that market access be equitable. However, field observations in Rego Market suggest that this principle is inconsistently applied. While some traders exhibit fairness in dealing with all customers equally, others are inclined to vary prices based on familiarity, social status, or perceived purchasing power, undermining the spirit of *‘adl* (Beekun, 2019).

This inconsistent application of justice is visually captured in the bar chart above, where adherence to *‘adl* is the lowest among the four principles at approximately 45%. Traders tend to prioritize personal relationships or loyalty over consistent pricing, reflecting a tension between customary loyalty-based practice and universal Islamic ethics. According to Ali (2015), such selective application of ethical norms is common in informal markets where social embeddedness often overrides institutional or religious frameworks.

Islamic jurisprudence requires that all parties in a transaction benefit mutually and are not coerced or misled. The Prophet Muhammad ﷺ forbade deceit in weighing and measuring, stating, *“Whoever cheats is not of us”* (Muslim, Hadith No. 102). Yet in Rego Market, some weighing practices—especially with goods sold in bulk—were observed to lack precision, particularly with new or less assertive buyers. These subtle practices, while not overtly fraudulent, violate the Islamic expectation of transactional transparency (Dusuki & Bouheraoua, 2011).

From a normative perspective, Ibn Taymiyyah (d. 1328) emphasized that justice is the basis of governance and economic order, declaring, *“Justice towards everything and everyone is an imperative upon all, and injustice is absolutely forbidden”* (Ibn Taymiyyah, 1998). Applied to trade, this means justice must be structural, not situational. Markets like Rego, where justice depends on interpersonal discretion, require institutional reinforcement to elevate justice as a norm rather than an exception.

Another critical aspect is pricing. Islamic scholars permit market-driven prices (*tahīr al-as‘ār*) but prohibit exploitative practices such as price manipulation (*ghabn fāḥish*) and hoarding (*ihṭikār*). During scarcity, traders in Rego Market have been noted to increase prices disproportionately, especially for high-demand items like rice, sugar, or cooking oil. This behavior contradicts the prophetic directive, *“Whoever hoards is a sinner”* (Abū Dāwūd, Hadith No. 2990), reflecting a clear breach of distributive justice (El-Gamal, 2006).

Furthermore, a study by Khan and Karim (2020) on ethical distortions in Muslim markets revealed that lack of ethical education contributes significantly to deviations from Islamic norms. This aligns with findings in Rego Market where traders were largely unfamiliar with the jurisprudential meaning of *'adl*, despite demonstrating awareness of fairness as a general value. The absence of ethical literacy perpetuates selective morality, where justice is only applied when socially convenient.

Gender-based discrepancies were also observed in certain sections of the market, where male customers received more favorable terms or attention than female customers in bargaining sessions. While not always intentional, such differential treatment reflects an ethical gap that must be addressed through conscious training and awareness building, as justice in Islam is inherently gender-neutral (Siddiqi, 2001).

Efforts to instill structural justice in informal markets can be modeled after community-led ethics committees or trader associations that promote fair practices. The work of Naqvi (2003) emphasizes the importance of ethical institutions in translating Islamic economic principles into practice. For traditional markets, this could include creating pricing transparency boards, ethics-based training, or Shariah-aligned codes of conduct for traders. The principle of justice is fundamental to Islamic business ethics but remains weakly implemented in Rego Market. While relational ethics such as trust and generosity are visible, structural justice—ensuring fairness for all regardless of social familiarity—is yet to be achieved. Elevating *'adl* from a moral ideal to a market norm requires both grassroots awareness and institutional mechanisms that reinforce ethical behavior across all trader-customer interactions.

4.3 Implementation of the Principle of Responsibility (*Mas'ūliyyah*)

Responsibility (*mas'ūliyyah*) in Islamic ethics encompasses both vertical accountability to God and horizontal accountability to fellow humans, especially in economic relationships. The Qur'an states clearly, *"Every soul is held responsible for what it has earned"* (Qur'an 74:38), affirming the ontological status of responsibility in human conduct, including commercial transactions (Kamali, 2008). In business, this implies that sellers must be truthful, provide accurate information, and uphold trust in delivering goods or services.

In the context of Rego Market, observational data suggest that the principle of responsibility is among the most visibly upheld ethical dimensions. Traders regularly demonstrate conscientiousness in areas such as allowing returns for defective items, providing accurate

change, and giving verbal guarantees about product quality. As shown in the earlier adherence chart, *mas'ūliyyah* has an observed adherence level of approximately 70%, second only to *ṣidq* (truthfulness). This affirms that personal obligation remains a powerful moral driver in informal economies (Beekun, 2019).

This commitment, however, often operates at the level of *niyyah* (intention) and informal trust, rather than institutional enforcement. Sellers in Rego Market expressed a sense of personal accountability, often using phrases such as “biar saya yang tanggung jawab di akhirat” (let me bear the responsibility in the hereafter), indicating a spiritual internalization of moral duty. According to Siddiqi (2001), this eschatological awareness is an essential feature of Islamic business ethics, promoting voluntary moral restraint even in unregulated environments.

Nevertheless, such moral intentions are occasionally undermined by systemic limitations. Traders reported constraints like unstable supply chains, fluctuating wholesale prices, and the pressure to meet daily subsistence, which sometimes forced them to compromise on transparency or quality. This highlights the practical tension between ethical ideals and economic survival. Dusuki and Abdullah (2007) argue that responsibility in Islamic economics must be both idealistic and pragmatic—anchored in ethical norms but responsive to market realities.

Another dimension of responsibility is the commitment to serve the public good (*maṣlaḥah āmmah*). Traders who practice fair pricing, assist elderly customers, or share business advice with competitors are indirectly reinforcing the ethical ecosystem of the market. These actions align with the Prophetic principle, “*The best among you are those who are most beneficial to others*” (Al-Mu’jam al-Kabīr, Hadith No. 13646), showing that responsibility transcends profit and reflects communal well-being (Naqvi, 2003).

Moreover, responsible behavior in trade also relates to honoring contracts and promises. Rego Market traders often rely on verbal agreements for transactions, especially when regular customers request deferred payments. These verbal contracts are generally respected, which mirrors Islamic jurisprudence where *‘aqd* (contract) is binding regardless of its written form, provided the conditions are met (Usmani, 2002). This behavioral pattern suggests that informal markets can uphold sophisticated ethical principles even in the absence of legal documentation.

However, the consistency of responsible behavior varies depending on the presence of social pressure. Traders embedded in tightly knit networks tend to be more ethically responsible due to the risk of communal disapproval. In contrast, newer or itinerant sellers sometimes neglect obligations such as clear pricing or product guarantees. This discrepancy points to the need for broader ethical literacy to normalize responsibility as a religious and social obligation (Ali, 2015).

The educational background of traders also plays a role in shaping their sense of *mas'ūliyyah*. Those with exposure to pesantren or Islamic economic education were more likely to articulate their actions in theological terms. Others grounded their responsibility in local cultural values such as *rasa malu* (shame) or *tanggung jawab moral*. This blend of religious and cultural moral codes indicates that ethical responsibility is often embedded within overlapping value systems (Hallaq, 2009).

Institutionally, the promotion of *mas'ūliyyah* can be enhanced by introducing basic ethics training into local trade associations or through mosque-based economic sermons (*khutbah iqtisādiyyah*). The integration of Shariah-based content into market governance has shown promise in other Southeast Asian contexts, where informal Islamic norms were formalized through soft institutional channels (Habib & Karim, 2016).

In summary, the principle of responsibility is relatively well-practiced in Rego Market but remains vulnerable to contextual pressures and lacks formal reinforcement. Its prevalence in verbal commitments, return policies, and service orientation reflects a promising ethical foundation. However, to elevate *mas'ūliyyah* from personal virtue to systemic norm, it must be supported by structured education, community monitoring, and integration into informal regulatory frameworks.

4.4 Upholding the Principle of Truthfulness (Ṣidq)

Truthfulness (*ṣidq*) is considered a cardinal virtue in Islam and a fundamental requirement for ethical economic behavior. The Prophet Muhammad ﷺ emphasized this principle repeatedly, stating, “*Truthfulness leads to righteousness, and righteousness leads to Paradise. A man continues to speak the truth until he is recorded with Allah as a truthful person*” (Sahih al-Bukhari, Hadith No. 6094). In business, *ṣidq* mandates honest communication about product quality, pricing, origin, and potential defects (Beekun, 2019).

Observations from Rego Market indicate that *ṣidq* is among the most widely practiced ethical principles. Sellers frequently describe their products accurately, particularly in food-related trades. For instance, vendors openly disclose whether produce is fresh, frozen, or nearing spoilage. This transparency cultivates trust with customers and reduces transactional friction, aligning with the Qur'anic instruction, “Give full measure and do not be of those who cause loss” (Qur'an 26:181–183) (Kamali, 2008).

The adherence rate to *ṣidq* in Rego Market, as visualized earlier, was estimated at approximately 75%, the highest among the four core principles. This may stem from the fact that truthfulness is not only taught religiously but also reinforced socially. Traders who consistently lie or exaggerate are publicly shamed or ostracized, thereby creating a strong social deterrent against dishonesty (Naqvi, 2003).

Despite these positives, challenges remain. In some cases, sellers downplay flaws in items that are difficult for buyers to inspect directly—such as pre-packed rice or sealed goods. Although not always intentional, such omissions compromise the principle of *ṣidq* by withholding material information. According to Dusuki and Bouheraoua (2011), *ṣidq* extends beyond literal truth to include full disclosure of any fact materially affecting the transaction.

Another concern relates to product measurement. Islamic ethics demand precision in weights and measures, as highlighted in *Surah Al-Mutaffifin* (83:1–3), which warns of divine punishment for those who give less in measure. In Rego Market, digital and analog scales are used inconsistently. Some vendors round weights upward subtly to increase profit margins. While this may appear trivial, it reflects a gradual erosion of trust and contradicts the ethical ideal of full accuracy (El-Gamal, 2006).

The role of language in shaping perceptions of truth is also relevant. Traders often use religious expressions such as *insyaAllah bagus* (God willing, it's good) or *barang amanah* (trustworthy goods), which carry moral implications. While these terms signal ethical intent, their misuse—such as using *insyaAllah* to avoid direct commitment—can dilute the gravity of *ṣidq*. This aligns with Ali's (2015) concern about ethical vocabulary being used performatively rather than substantively.

In some segments of the market, verbal commitments substitute for written guarantees. Customers often rely on sellers' promises about product performance, such as “this item will last a week.” Failure to meet these expectations can damage long-term relationships. The

Islamic legal principle of *khiyār al-ʿayb* (option to rescind upon defect) supports customers' rights in such cases, reinforcing that truthfulness must be upheld before, during, and after the transaction (Usmani, 2002).

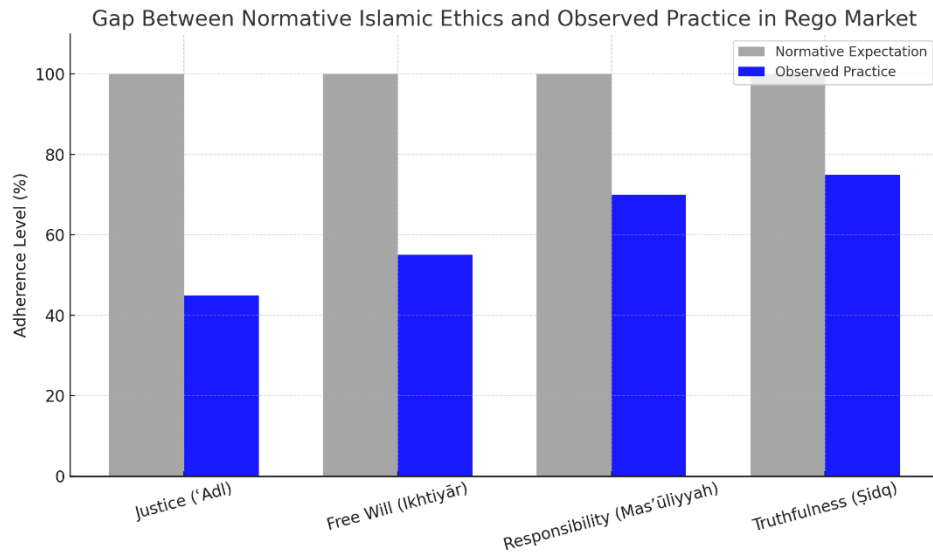
Children and elderly customers, due to limited knowledge or bargaining capacity, are particularly vulnerable to exaggerated claims. While many traders protect these groups with fairness, a minority exploit them by overstating quality or suggesting false urgency. Such acts constitute *gharar* (uncertainty) and violate the Islamic injunction against exploiting informational asymmetry (Siddiqi, 2001).

Interestingly, vendors with a background in pesantren education or formal Islamic training more consistently practiced *ṣidq*. This supports the notion that ethical behavior is partly learned and can be enhanced through moral education. As Khan and Karim (2020) note, ethical formation in Muslim marketplaces is deeply linked to exposure to normative Islamic teachings, not merely personal piety.

In conclusion, while *ṣidq* is relatively well-practiced in Rego Market, its consistency and depth depend on the nature of products, market segments, and individual trader ethics. Institutionalizing *ṣidq* through ethics training, public accountability mechanisms, and religious reinforcement can further entrench truthfulness as a norm. Upholding *ṣidq* is not merely a virtue but an economic necessity for sustaining trust-based trade in informal markets.

4.5 Synthesis: Gaps between Normative Ethics and Market Practice

The synthesis of findings across the four core principles—*ʿadl* (justice), *ikhtiyār* (free will), *masʿūliyyah* (responsibility), and *ṣidq* (truthfulness)—reveals a consistent gap between the normative ideals of Islamic business ethics and their implementation in the traditional market context. While many ethical practices are present in the Rego Market, they are often fragmented, inconsistent, and situationally applied rather than being guided by internalized religious principles or structured ethical education.



As depicted in the chart above, the most prominent gaps are found in justice ('adl) and free will (ikhtiyār), with observed adherence levels of 45% and 55%, respectively, against a normative expectation of 100%. This reflects a critical disconnect between the Islamic requirement of fair and voluntary exchange and the reality of favoritism, price inconsistency, and limited consumer autonomy. According to Chapra (2000), such gaps undermine the maqāṣid al-sharī'ah goal of economic justice and collective welfare. In the Qur'an, true welfare (*ḥalāl*) is not merely material but encompasses spiritual and social well-being, which is achieved through fair work ethics, innovation, and sincere effort. The Qur'an emphasizes that striving for excellence and engaging in productive and beneficial work is a form of obedience to Allah and a means of achieving prosperity, as reflected in the verse: *"And say, 'Do [as you will], for Allah will see your deeds, and [so will] His Messenger and the believers'"* (QS. At-Tawbah [9]: 105). This verse underscores the command to work diligently, creatively, and with dedication as part of the pursuit of both worldly and eternal well-being (bin Abdullah Alhadi, 2018).

The reasons for these discrepancies are multidimensional. Cultural norms, such as preferential treatment for loyal customers or exploiting buyer naivety, are often justified through tradition rather than scrutinized through Islamic legal ethics. This reflects the tension between *'urf* (local custom) and Shariah, where the former may dominate unless explicitly reformed through religious awareness (Hallaq, 2009). Ethical behavior, therefore, becomes circumstantial rather than principled.

Moreover, informal markets operate in an environment with minimal regulatory oversight, leaving ethical compliance to individual discretion. While this fosters trust-based relationships, it also creates vulnerabilities where profit pressures can override moral commitments. Beekun (2019) argues that in such contexts, ethics must be reinforced both internally (through *taqwa*) and externally (through social structures).

The principles of *mas'ūliyyah* and *ṣidq* exhibit comparatively stronger practice, scoring 70% and 75%, respectively. This suggests that personal responsibility and honesty are more easily operationalized within informal settings, likely because they are directly associated with individual reputation and community standing. However, even these principles are inconsistently upheld when external pressures such as rising costs or customer anonymity are introduced (Dusuki & Abdullah, 2007).

Another factor contributing to the ethical-practice gap is the lack of systematic Islamic economic education among market participants. Ethical values are often taught through informal religious gatherings or inherited behavior rather than through structured instruction. Khan and Karim (2020) note that ethical illiteracy is a major barrier to applying Shariah in commerce, especially in micro-enterprises and traditional trade environments.

Furthermore, the absence of ethical monitoring mechanisms such as trade councils, ethical charters, or dispute resolution bodies contributes to the perpetuation of unethical practices. Markets with such institutions, even informally implemented through religious leaders or cooperative associations, tend to show better alignment with Islamic business ethics (Naqvi, 2003).

The diagram presented illustrates how the uniform expectations of Islamic ethics—set at 100%—contrast with the actual behaviors observed in Rego Market. This visual gap underscores the need for targeted interventions. Educational programs tailored to traders, ethical signage in market spaces, and engagement of local religious authorities could serve as practical tools for narrowing this divide.

A key insight from this synthesis is that behavioral ethics flourish best when both individual conviction and communal regulation are present. Islam does not rely solely on legalism but combines spiritual consciousness (*taqwā*), social accountability (*hisbah*), and moral exemplarity (*qudwah ḥasanah*) as its ethical enforcement triad (Kamali, 2008). Traditional markets, if equipped with these supports, can become ethical marketplaces rooted in divine

justice. In conclusion, while elements of Islamic business ethics are alive in Rego Market, they remain underdeveloped and unevenly distributed. Bridging the gap between normative and practical ethics requires more than individual goodwill—it necessitates the construction of supportive systems, religious literacy, and community-based accountability. Only through this integrated approach can Islamic markets fully embody the values they are divinely intended to uphold.

Concluding Remarks

This study highlights that the implementation of Islamic business ethics in Rego Traditional Market is still partial and varies across the four key principles: justice (*‘adl*), free will (*ikhtiyār*), responsibility (*mas’ūliyyah*), and truthfulness (*ṣidq*). While *ṣidq* and *mas’ūliyyah* are relatively well-practiced due to social trust and personal reputation, *‘adl* and *ikhtiyār* remain weakly applied, often hindered by discriminatory pricing, asymmetrical information, and cultural practices that overshadow Shariah-based norms. These findings reveal a significant gap between the normative ideals of Islamic ethics, which emphasize fairness, accountability, and transparency, and the practical behaviors observed in informal market settings.

To address this gap, it is crucial to strengthen ethical literacy among market participants through education, community-based awareness programs, and the involvement of religious leaders. Promoting ethical practices is not only a matter of personal piety but also an economic necessity to build trust, fairness, and sustainability in local markets. A holistic approach—integrating Shariah principles with social and cultural realities—can transform traditional markets into ethical marketplaces that embody both spiritual values and socio-economic justice.

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