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The Internalization of Islamic Business Ethics In SMES: A Case Study of Markisaku Syrup Industry

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Abstract

This study explores the internalization of Islamic business ethics in a Small and Medium Enterprise (SME) and its implications for trust and business sustainability. Using a qualitative case study approach, the research was conducted at the Markisaku Syrup enterprise through in-depth interviews, observations, and document analysis. The findings show that ethical values honesty, justice, transparency, and care are embedded in daily business practices through leadership example and routine activities rather than formal governance systems. Honesty and justice are strongly reflected in product quality, fair employee treatment, and equitable business relationships. Transparency is partially implemented, particularly in product information, while financial reporting remains less structured due to resource limitations. The study also reveals that ethical practices play a crucial role in building trust among consumers, employees, and business partners. This trust strengthens relationships and supports long-term business sustainability. The findings suggest that practice-based ethical internalization can serve as a strategic foundation for SME development, even in the absence of formal institutional structures.

Keywords: Islamic Business Ethics; SMEs; Ethical Internalization; Trust; Business Sustainability

Abstract

Penelitian ini mengkaji internalisasi etika bisnis Islam pada Usaha Mikro, Kecil, dan Menengah (UMKM) serta implikasinya terhadap kepercayaan dan keberlanjutan usaha. Penelitian menggunakan pendekatan kualitatif dengan studi kasus pada UMKM Sirup Markisaku melalui wawancara mendalam, observasi, dan analisis dokumen. Hasil penelitian menunjukkan bahwa nilai-nilai etika kejujuran, keadilan, transparansi, dan kepedulian terinternalisasi dalam praktik bisnis sehari-hari melalui keteladanan pemimpin dan aktivitas rutin, bukan melalui sistem formal. Kejujuran dan keadilan tampak kuat dalam kualitas produk, perlakuan terhadap karyawan, dan hubungan usaha. Transparansi diterapkan secara parsial, terutama pada informasi produk, sementara pelaporan keuangan masih terbatas. Penelitian ini juga menunjukkan bahwa praktik etika berperan penting dalam membangun kepercayaan antara pelaku usaha dan pemangku kepentingan, yang pada akhirnya mendukung keberlanjutan usaha. Temuan ini menegaskan bahwa internalisasi etika berbasis praktik dapat menjadi fondasi strategis bagi pengembangan UMKM.

Kata Kunci: Etika Bisnis Islam; UKM; Internalisasi Etika; Kepercayaan; Keberlanjutan Bisnis

INTRODUCTION

Small and Medium Enterprises (SMEs) play a pivotal role in fostering economic growth, employment generation, and social stability, particularly in developing countries such as Indonesia. As a backbone of the national economy, SMEs contribute significantly to gross domestic product (GDP), absorb a large proportion of the workforce, and act as a buffer during economic crises[1]. Beyond their economic contributions, SMEs also function as instruments of social transformation by promoting inclusive growth and reducing income inequality[2]. However, alongside their rapid expansion, SMEs increasingly face challenges related to ethical conduct, governance quality, and sustainability in business practices. In contemporary business environments characterized by intense competition and market uncertainty, ethical issues have emerged as a central concern. Many SMEs prioritize short-term financial gains over ethical considerations, leading to practices such as misleading product information, unfair pricing, and weak accountability systems[3]. Such practices may undermine consumer trust, damage business reputation, and threaten long-term sustainability. Therefore, integrating ethical principles into business operations is no longer optional but essential for ensuring both economic viability and social legitimacy[4].

Within this context, Islamic business ethics offers a comprehensive normative framework that governs economic behavior based on moral values and accountability. Rooted in the teachings of the Qur'an and Hadith, Islamic business ethics emphasizes key principles such as honesty (ṣidq), justice (ʿadl), transparency, and social responsibility[5]. These principles not only regulate individual conduct but also shape organizational behavior, fostering a balance between profit-seeking and ethical responsibility. Unlike conventional business ethics, which often rely on secular moral reasoning, Islamic business ethics integrates spiritual accountability, where business activities are viewed as part of a broader moral obligation[6]. Previous studies have highlighted the importance of ethical practices in enhancing organizational performance and stakeholder trust. For instance, research by Mollah and Zaman (2015) indicates that adherence to Islamic ethical values can strengthen

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[2] Ndeye Ndiaye dkk., "Demystifying small and medium enterprises' (SMEs) performance in emerging and developing economies," *Borsa Istanbul Review* 18, no. 4 (2018): 269–81, https://doi.org/10.1016/j.bir.2018.04.003.

[3] Seyedeh Zahra Zamani, "Small and Medium Enterprises (SMEs) facing an evolving technological era: a systematic literature review on the adoption of technologies in SMEs," *European Journal of Innovation Management* 25, no. 6 (2022): 735–57, https://doi.org/10.1108/EJIM-07-2021-0360.

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[5] Anas Alhifni dkk., "The Cultural Embeddedness of Economic Action: Islamic Values, Entrepreneurship, and FinTech Innovation," *Journal of Cultural Analysis and Social Change*, 4 Desember 2025, 95–104, https://doi.org/10.64753/jcasc.v10i4.2782.

[6] Rababa Ebrahim dkk., "Islamic Finance and Sustainable Development Goals in Bahrain," *2021 International Conference on Sustainable Islamic Business and Finance*, Desember 2021, 8–13, https://doi.org/10.1109/IEEECONF53626.2021.9686329.

corporate governance and improve financial performance[7]. Similarly, Othman and Ali (2019) demonstrate that fairness and transparency contribute significantly to employee satisfaction and organizational commitment[8]. In the context of SMEs, ethical practices have been linked to increased customer loyalty, stronger business relationships, and improved sustainability[9]. These findings suggest that ethical values are not merely moral imperatives but also strategic assets that can enhance competitiveness.

Despite the growing body of literature on Islamic business ethics, several gaps remain. First, most existing studies focus on large corporations or Islamic financial institutions, while limited attention has been given to SMEs as grassroots economic actors. Second, many studies adopt a conceptual or normative approach, emphasizing theoretical discussions rather than empirical investigation. Third, there is a lack of in-depth qualitative studies that explore how ethical values are internalized and practiced in daily business operations, particularly in small-scale enterprises. As a result, the practical dynamics of implementing Islamic business ethics in SMEs remain underexplored. Furthermore, the concept of internalization of ethics has received limited scholarly attention in the context of SMEs. Internalization refers to the process by which ethical values are not only understood but also embedded into organizational culture and routine practices[10]. This process involves the transformation of abstract principles into concrete actions that guide decision-making and interactions with stakeholders. In SMEs, where organizational structures are often informal and decision-making is centralized, the internalization of ethical values becomes both more challenging and more critical. Understanding this process is essential for assessing the effectiveness of ethical implementation beyond formal compliance.

This study addresses these gaps by examining the internalization of Islamic business ethics within an SME context, focusing on the Markisaku Syrup enterprise. As a small-scale business operating in the food and beverage sector, this enterprise provides a relevant case for exploring how ethical principles are translated into everyday practices. The study investigates how values such as honesty, justice, transparency, and social responsibility are implemented in various aspects of business operations, including production, pricing, employee management, and customer relations. The choice of a qualitative case study approach allows for an in-depth exploration of the lived experiences of business actors, including owners, employees, and customers. Through this approach, the study captures the nuanced ways in which ethical values are interpreted, negotiated, and practiced in real-world settings. This is particularly important in understanding SMEs, where formal systems may be limited, and ethical practices are often shaped by personal values and social interactions.

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[8] Zhwan Fathi Sharif dkk., "The Impact of Organizational Integrity on Organizational Symmetry: An Analytical Study in the Public and Private Sectors: Impact of Organizational Integrity on Organizational Symmetry," *Academic Journal of International University of Erbil* 2, no. 02 (2025): 129–42, https://doi.org/10.63841/iue22524.

[9] Abbas J. Ali dan Abdullah Al-Owaihan, "Islamic work ethic: a critical review," *Cross Cultural Management: An International Journal* 15, no. 1 (2008): 5–19, https://doi.org/10.1108/13527600810848791.

[10] Trisno Wardy Putra dkk., "Islamic Social Finance And Poverty Alleviation Efforts (Contextual Al-Qur'an Tafsir Study)," *Al-Kharaj: Journal of Islamic Economic and Business* 6, no. 2 (2024), https://doi.org/10.24256/kharaj.v6i2.5082.

In addition to examining ethical practices, this study also explores their implications for business sustainability and stakeholder relationships. Ethical behavior is expected to enhance trust, strengthen long-term partnerships, and contribute to a positive organizational climate. However, the extent to which these outcomes are realized in SMEs remains an empirical question. By linking ethical practices with practical outcomes, this study provides a more comprehensive understanding of the role of Islamic business ethics in supporting sustainable business development.

The significance of this study lies in both its theoretical and practical contributions. Theoretically, it enriches the literature on Islamic business ethics by providing empirical insights into the process of ethical internalization in SMEs. It moves beyond normative discussions by demonstrating how ethical values are operationalized in specific business contexts. Practically, the findings offer guidance for SME practitioners seeking to integrate ethical principles into their operations. By highlighting best practices and identifying existing challenges, this study provides a framework for enhancing ethical governance in small businesses. In conclusion, as SMEs continue to play a crucial role in economic development, the need for ethical and sustainable business practices becomes increasingly urgent. Islamic business ethics provides a valuable framework for addressing these challenges by integrating moral values into economic activities. However, understanding how these principles are internalized and practiced in SMEs requires empirical investigation. This study contributes to this understanding by examining the case of the Markisaku Syrup enterprise, offering insights into the dynamics of ethical implementation and its implications for business sustainability and stakeholder trust.

THEORETICAL FOUNDATIONS

Islamic business ethics represents a comprehensive normative framework that governs economic behavior by integrating moral, legal, and spiritual dimensions into business activities. Within this framework, economic actions are not viewed as value-neutral transactions but as ethically accountable practices that reflect a broader moral order. This perspective distinguishes Islamic business ethics from many conventional approaches, where economic rationality is often separated from moral considerations. In the Islamic view, business is not merely a mechanism for profit maximization; rather, it is an arena of ethical engagement in which individuals are accountable not only to other stakeholders but also to divine authority. As argued by Beekun, Islamic ethical principles provide a holistic guideline that shapes both individual conduct and institutional practices, ensuring that economic activities contribute to social justice and collective well-being[11]. Central to Islamic business ethics are several foundational values that guide business interactions, including honesty, justice, transparency, and social responsibility. Honesty (ṣidq) functions as a fundamental ethical requirement that obliges business actors to provide accurate information, avoid deception, and ensure that their claims correspond to reality. In the context of SMEs, where direct interaction with consumers is often more frequent and personal, honesty becomes a

[11] Rafik Issa Beekun, *Islamic Business Ethics* (International Institute of Islamic Thought (IIIT), 2006).

critical determinant of trust formation[12]. When businesses consistently demonstrate honesty in product quality, pricing, and communication, they cultivate a reputation that supports long-term sustainability. Conversely, the absence of honesty can lead to distrust, reputational damage, and eventual business decline.

Justice (ʿadl) constitutes another essential principle that regulates fairness in all aspects of business operations. This includes equitable treatment of employees, fair pricing mechanisms, and balanced distribution of profits among stakeholders[13]. Justice in Islamic business ethics is not limited to legal compliance but extends to moral fairness, requiring business actors to avoid exploitation and ensure that all parties are treated with dignity [14]. In SMEs, where organizational structures are often informal, the implementation of justice relies heavily on the ethical commitment of business owners and managers. Their decisions directly shape workplace dynamics and influence how fairness is perceived and practiced within the organization [15]. Transparency complements the principles of honesty and justice by emphasizing openness in the dissemination of relevant information. Transparent business practices reduce information asymmetry, enhance accountability, and foster trust among stakeholders. In SMEs, transparency is particularly significant due to the absence of complex governance systems that are typically found in larger organizations. By openly sharing information regarding product composition, pricing strategies, and financial conditions, SMEs can strengthen their credibility and build stronger relationships with consumers and business partners. Transparency thus functions as both an ethical obligation and a strategic tool for sustaining trust-based relationships [16].

Social responsibility further expands the ethical framework by highlighting the broader impact of business activities on society and the environment. In Islamic business ethics, social responsibility is not limited to voluntary philanthropy but is embedded within the very purpose of economic activity. Business actors are expected to consider the welfare of employees, the well-being of consumers, and the sustainability of the environment in their decision-making processes [17]. This holistic perspective reinforces the idea that economic success should not come at the expense of social or environmental harm. For SMEs, adopting socially responsible practices can enhance their legitimacy and strengthen their

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[15] Gillian Rice, "Islamic Ethics and the Implications for Business," *Journal of Business Ethics* 18, no. 4 (1999): 345–58, https://doi.org/10.1023/A:1005711414306.

[16] Abedrabboh Abuhatab, "The Role Of Micro, Small And Medium Size Enterprises (MSNes) In Economic Growth – Does It Matter? The Role Of Micro, SMALL AND MEDIUM SIZE ENTERPRISES (MSMes) In Economic Growth – Does It Matter?," *Jadara Journal of Research and Studies* 9, no. خاص (2023): 1–28, https://doi.org/10.54161/jrs.v9i2.223.

[17] Tulus T. H. Tambunan, "The Potential Role of MSMEs in Achieving SDGs in Indonesia," dalam *Role of Micro, Small and Medium Enterprises in Achieving SDGs: Perspectives from Emerging Economies*, ed. oleh Himachalam Dasaraju dan Tulus T. H. Tambunan (Springer Nature, 2023), https://doi.org/10.1007/978-981-99-4829-1_3.

connection with the community, thereby contributing to long-term sustainability. The effectiveness of these ethical principles, however, depends largely on their internalization within the organization. Internalization refers to the process through which external norms and values are absorbed and transformed into internal guiding principles that shape behavior. In organizational settings, this process involves more than the formal adoption of ethical codes; it requires the integration of ethical values into the cognitive, normative, and behavioral dimensions of the organization. As Treviño et al. (2006) suggest, ethical internalization occurs when individuals not only understand ethical principles but also accept them as legitimate standards of behavior and consistently apply them in practice [18]. In SMEs, the process of internalization is closely linked to leadership and organizational culture. Due to their relatively small size and informal structures, SMEs often rely on the personal values and leadership style of the owner or manager. The ethical orientation of these leaders plays a crucial role in shaping the organizational environment and influencing employee behavior [19]. When leaders consistently demonstrate ethical conduct, they create a normative climate that encourages employees to internalize similar values. This process is reinforced through daily interactions, shared experiences, and organizational routines, gradually embedding ethical principles into the fabric of the organization.

Nevertheless, the internalization of ethical values in SMEs is not without challenges. Resource constraints, limited access to training, and the pressure to achieve financial sustainability may hinder the consistent application of ethical principles. In some cases, ethical considerations may be compromised in favor of short-term economic gains [20]. This tension between ethical ideals and practical realities underscores the importance of examining how SMEs navigate the process of internalization in real-world contexts. Understanding this process is essential for assessing whether ethical values are genuinely embedded within the organization or merely adopted as symbolic commitments. In addition to internal dynamics, the internalization of ethics is also influenced by external interactions with stakeholders. Relationships with consumers, employees, and business partners serve as critical arenas in which ethical values are enacted and reinforced. For instance, honest communication with consumers and fair treatment of employees can strengthen the internalization process by generating positive feedback and reinforcing ethical norms [21]. Over time, these practices contribute to the development of a trust-based organizational identity, which becomes a defining characteristic of the business.

The relationship between ethical practices and business sustainability further highlights the practical significance of ethical internalization. Sustainability in SMEs is not solely determined by financial performance but also by the quality of relationships with

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[19] Adi Saifurrahman dan Salina Kassim, "Collateral imposition and financial inclusion: a case study among Islamic banks and MSMEs in Indonesia," *Islamic Economic Studies* 30, no. 1 (2022): 42–63, https://doi.org/10.1108/IES-04-2022-0023.
[20] Hamza E. Albaheth, "Establishing specialized economic courts in Saudi Arabia to boost investments," *Utopía y Praxis Latinoamericana* 25 (Agustus 2020): 278–88.
[21] Yalcin Arslanturk dkk., "Time-varying linkages between tourism receipts and economic growth in a small open economy," *Economic Modelling* 28, no. 1–2 (2011): 664–71.

stakeholders and the ability to maintain trust over time. Ethical behavior plays a central role in this process by fostering trust, enhancing reputation, and reducing the likelihood of conflict. As Carroll and Shabana (2010) argue, ethical practices contribute to long-term business success by aligning economic objectives with social expectations [22]. In the context of SMEs, trust emerges as a key mechanism through which ethical practices influence sustainability. When consumers perceive a business as honest and transparent, they are more likely to develop loyalty and engage in repeat transactions. Similarly, fair treatment of employees can enhance job satisfaction and productivity, contributing to organizational stability. Ethical relationships with business partners can facilitate collaboration and reduce transaction costs, further supporting business continuity. These outcomes demonstrate that ethical practices are not only morally desirable but also strategically beneficial.

Ultimately, the integration of Islamic business ethics, the process of internalization, and the pursuit of sustainability form an interconnected framework that shapes the behavior and performance of SMEs [23]. Ethical principles provide the normative foundation, internalization processes translate these principles into practice, and sustainability outcomes reflect the effectiveness of this integration. This theoretical perspective underscores the importance of examining not only what ethical values are adopted but also how they are internalized and enacted in everyday business operations. Building on this framework, the present study seeks to explore how Islamic business ethics are internalized within an SME context and how this process influences business practices and stakeholder relationships. By focusing on a specific enterprise, the study aims to provide empirical insights into the dynamics of ethical implementation and contribute to a deeper understanding of the role of ethics in shaping sustainable business practices.

METHOD

This study employs a qualitative research design with a case study approach to explore the internalization of Islamic business ethics within a Small and Medium Enterprise (SME) context. The qualitative approach is particularly suitable for this research as it allows for an in-depth understanding of social phenomena, especially those related to values, perceptions, and lived experiences [24]. Since the focus of this study is not merely to measure the presence of ethical principles but to understand how these principles are interpreted, internalized, and practiced in everyday business activities, a qualitative methodology provides the necessary flexibility and depth of analysis [25]. The case study strategy is adopted to examine the Markisaku Syrup enterprise as a single, bounded system. This approach enables the

[22] Archie B. Carroll dan Kareem M. Shabana, "The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice," *International Journal of Management Reviews* 12, no. 1 (2010): 85–105, https://doi.org/10.1111/j.1468-2370.2009.00275.x.

[23] Mustafa Disli dkk., *Favoring the Small and the Plenty: Islamic Banking for MSMEs*, 3 April 2023, https://doi.org/10.1016/j.ecosys.2022.101051.

[24] "Key Factors in the Design of Policy Support for the Small and Medium Enterprise (SME) Development Process: An Overview: Entrepreneurship & Regional Development: Vol 5 , No 1 - Get Access," *Entrepreneurship & Regional Development*, t.t., diakses 16 April 2026, https://www.tandfonline.com/doi/abs/10.1080/08985629300000001.

[25] Halida Zia, "PENGATURAN PENGEMBANGAN UMKM DI INDONESIA," *RIO LAW JURNAL* 1, no. 1 (2020), https://doi.org/10.36355/rlj.v1i1.328.

researcher to investigate the phenomenon within its real-life context, where the boundaries between the phenomenon and context are not clearly evident . The selection of this enterprise is based on its relevance as a small-scale business operating in the food and beverage sector, which actively claims to apply Islamic business values in its operations. By focusing on a single case, this study aims to generate detailed insights into the processes and dynamics of ethical internalization that may not be captured through broader survey-based methods.

Data collection was conducted through multiple techniques to ensure richness and credibility of the data. The primary method of data collection involved in-depth semi-structured interviews with key stakeholders, including the business owner, employees, business partners, and customers. These participants were selected purposively based on their direct involvement and experience with the enterprise. The use of semi-structured interviews allowed the researcher to explore specific themes related to honesty, justice, transparency, and social responsibility while also providing flexibility for participants to express their perspectives in their own words [26]. This approach facilitated the capture of nuanced insights into how ethical values are understood and practiced within the organization. In addition to interviews, direct observation was employed to gain a contextual understanding of business operations. The researcher observed various aspects of the enterprise, including production processes, employee interactions, and customer service practices. Observation enabled the researcher to verify and complement the data obtained from interviews by examining actual behaviors and practices in their natural setting [27]. This method is particularly important in qualitative research, as it helps to reduce reliance on self-reported data and provides a more comprehensive view of the phenomenon under study.

Document analysis was also utilized as a supplementary data source. Relevant documents, such as product labels, promotional materials, and internal records, were examined to identify how ethical values are communicated and institutionalized within the enterprise. These documents provided additional evidence regarding transparency, product information, and business practices, contributing to data triangulation and enhancing the validity of the findings. The data analysis process followed a thematic analysis approach, which involves identifying, analyzing, and interpreting patterns within qualitative data. The analysis began with data familiarization, where interview transcripts, observation notes, and documents were reviewed repeatedly to gain an overall understanding of the data [28]. This was followed by the coding process, in which meaningful units of data were labeled according to relevant themes. Initial codes were then grouped into broader categories corresponding to the key ethical principles under investigation, namely honesty, justice, transparency, and social responsibility.

Subsequently, these categories were further analyzed to identify relationships and underlying patterns that reflect the process of ethical internalization. The analysis focused

[26] Robert K. Yin, *Applications of Case Study Research* (SAGE Publications, 2011).
[27] Burhan Bungin, *Penelitian kualitatif: Komunikasi, ekonomi, kebijakan publik, dan ilmu sosial lainnya*, 2007.
[28] Marvin Braun dkk., "The New Dream Team? A Review of Human-AI Collaboration Research From a Human Teamwork Perspective," *ICIS 2023 Proceedings*, 11 Desember 2023, https://aisel.aisnet.org/icis2023/techandfow/techandfow/7.

not only on what ethical practices were present but also on how and why these practices were implemented. This interpretive approach allowed the researcher to move beyond descriptive accounts and develop a deeper understanding of the mechanisms through which ethical values are embedded in organizational practices. To ensure the trustworthiness of the research, several strategies were employed. Credibility was enhanced through triangulation of data sources, including interviews, observations, and documents. Member checking was conducted by sharing preliminary findings with selected participants to verify the accuracy of interpretations. Transferability was addressed by providing detailed descriptions of the research context, enabling readers to assess the applicability of the findings to other settings. Dependability and confirmability were ensured through careful documentation of the research process, including data collection procedures and analytical decisions. Ethical considerations were also taken into account throughout the research process. Participants were informed about the purpose of the study and their voluntary involvement, and informed consent was obtained prior to data collection. Confidentiality was maintained by anonymizing participant identities and ensuring that sensitive information was handled responsibly [29]. These measures were implemented to uphold ethical standards in research and to protect the rights and well-being of participants.

Overall, the methodological approach adopted in this study is designed to provide a comprehensive and in-depth understanding of how Islamic business ethics are internalized within an SME. By combining multiple data collection methods and employing a rigorous analytical framework, this study aims to generate credible and meaningful insights that contribute to both academic discourse and practical applications in the field of Islamic business ethics.

RESULTS AND DISCUSSION

Internalizing Islamic Business Ethics in SME Practices

The internalization of Islamic business ethics within the Markisaku Syrup enterprise can be understood as a practice-oriented process in which ethical values are gradually embedded into daily business operations through leadership example, routine activities, and stakeholder interaction. Based on the empirical findings, ethical principles are not institutionalized through formal written codes or structured governance systems but are instead manifested through consistent behavioral patterns that reflect the owner's commitment to ethical conduct. This indicates that, within the SME context, internalization operates through lived practice rather than formal regulation [30]. A central driver of this process is the role of the business owner as the primary agent of ethical transmission. The findings show that the owner consistently emphasizes the importance of maintaining product integrity and honesty in communication with consumers [31]. This is particularly evident in decisions related to the use of raw materials and product formulation. As expressed by the

[29] Matthew B. Miles dan A. Michael Huberman, *Qualitative Data Analysis: An Expanded Sourcebook* (SAGE, 1994).
[30] Muhammad Imamul Muttaqin dkk., "Internalization of Morals Form the Character of Muslim Islamic Entrepreneurship in the Era of Society 5.0," *Mudir : Jurnal Manajemen Pendidikan* 5, no. 2 (2023): 314–27.
[31] Syafiq Mahmadah Hanafi dan Lailatis Syarifah, "Islamic Economics Seen from the Philosophy of Science and Integration-Interconnection Paradigm," *Global Review of Islamic Economics and Business* 10, no. 1 (2022), https://doi.org/10.14421/grieb.2022.101-07.

owner, *"we always ensure that the ingredients used are natural and do not contain artificial preservatives, because we want consumers to trust what we produce"* . This statement reflects a conscious alignment between ethical values and production decisions, where honesty is not merely articulated but operationalized through tangible practices. The consistency of such decisions indicates that ethical values are internalized at the leadership level and subsequently diffused throughout the organization.

The internalization of honesty is further reinforced through the alignment between product claims and actual product characteristics. Consumers interviewed in this study expressed confidence in the product due to its consistent quality and natural taste, suggesting that ethical communication is perceived as credible [32]. One consumer noted that *"the taste and aroma feel natural, so we believe that the product is made as described*". This perception demonstrates that honesty, as an ethical principle, is not only practiced internally but also recognized externally by consumers. Such recognition plays a crucial role in reinforcing ethical behavior, as positive consumer feedback encourages the continuation of honest practices. In addition to honesty, the principle of justice is internalized through the organization of internal work structures and external business relationships. The findings indicate that task allocation within the enterprise is based on employees' abilities and capacities, which helps create a balanced and manageable workload. Employees reported that they felt fairly treated in terms of both responsibilities and compensation. As one employee stated, *"the tasks given are adjusted to our abilities, and the wages are considered fair based on the work we do"*. This perception of fairness contributes to a sense of organizational trust and strengthens employees' commitment to the business. Justice is also reflected in the enterprise's relationships with business partners, where profit-sharing arrangements are described as equitable and mutually beneficial. These practices suggest that justice is not merely a normative ideal but a guiding principle that shapes how value and responsibility are distributed within and beyond the organization [33].

Transparency, as another key dimension of Islamic business ethics, is partially internalized through practices of open communication and information disclosure. The enterprise provides clear information regarding product composition, production processes, and expiration dates through labeling and promotional media [34]. This allows consumers to make informed decisions and enhances their confidence in the product. The owner emphasized that *"we try to provide complete information about the product so that consumers know exactly what they are buying"*. However, the findings also reveal that transparency in financial management is less systematically developed. Although financial transactions are recorded and shared with business partners to a certain extent, the absence of structured reporting systems limits the depth of financial transparency. This indicates that while the value of

[32] Umar A. Oseni, "Fatwā shopping and trust: towards effective consumer protection regulations in Islamic finance," *Society and Business Review* 12, no. 3 (2017): 340–55, https://doi.org/10.1108/SBR-03-2017-0016.
[33] Muttaqin dkk., "Internalization of Morals Form the Character of Muslim Islamic Entrepreneurship in the Era of Society 5.0."
[34] Hanafi dan Syarifah, "Islamic Economics Seen from the Philosophy of Science and Integration-Interconnection Paradigm."

transparency is acknowledged, its full implementation is constrained by limited managerial capacity, which is a common characteristic of SMEs [35].

The principle of care is internalized through practices that prioritize the well-being of employees, customer satisfaction, and environmental awareness. The enterprise demonstrates concern for employees by providing a supportive work environment and offering incentives for performance. Employees reported that such practices motivate them to contribute more actively to the business [36]. In relation to consumers, the enterprise responds promptly to feedback and complaints, ensuring that issues are addressed in a satisfactory manner. A customer noted that *"when there is a complaint, the business responds quickly and provides solutions, which makes us feel valued"*. This responsiveness reflects a commitment to maintaining long-term relationships with consumers. Additionally, the enterprise shows awareness of environmental impact by attempting to reduce production waste and consider environmentally friendly materials. These practices indicate that care is not limited to internal stakeholders but extends to broader social and environmental concerns. An important aspect of the internalization process observed in this study is the role of routine and repetition. Ethical practices are consistently enacted in daily activities, gradually forming habitual patterns of behavior. Employees become accustomed to operating within an ethical framework, where values such as honesty and fairness guide their actions without the need for constant supervision. This suggests that internalization occurs through habituation, where repeated practice leads to the normalization of ethical conduct [37].

Nevertheless, the findings also indicate that the internalization process is not uniformly developed across all dimensions. While honesty and justice appear to be strongly embedded in daily operations, transparency particularly in financial reporting remains an area that requires further strengthening. This limitation highlights the influence of structural factors, such as limited resources and managerial systems, on the extent to which ethical values can be fully implemented. It suggests that internalization is not solely dependent on ethical commitment but also on the organizational capacity to support consistent application. Overall, the internalization of Islamic business ethics in the Markisaku Syrup enterprise is characterized by a leadership-driven, practice-based, and relationally reinforced process. Ethical values are embedded through consistent actions, validated through stakeholder perceptions, and sustained through routine practices. The inclusion of stakeholder perspectives, as reflected in interview excerpts, further confirms that these values are not only practiced but also experienced and recognized by those directly involved. While certain aspects require further development, particularly in formalizing transparency, the findings demonstrate a coherent alignment between ethical principles and business practices, indicating a meaningful level of ethical internalization within the SME context.

[35] Meirani Rahayu Rukmanda dkk., "Empowering Sharia-Based Micro, Small and Medium Enterprises (MSMEs) in Indonesia: A Socioeconomic and Ethical Framework for Inclusive Development," *International Journal of Nusantara Islam* 13, no. 2 (2025): 245–56, https://doi.org/10.15575/ijni.v13i2.47733.
[36] Mustakim Mustakim dkk., *The Development of Business Based on Sharia to Achieve Common Profit and Community Welfare at Islamic Boarding School Azkal Azkia Liddarain NW | PALAPA*, 28 April 2024, https://ejournal.stitpn.ac.id/index.php/palapa/article/view/4438.
[37] Riham Ragab Rizk, "Back to basics: an Islamic perspective on business and work ethics," *Social Responsibility Journal* 4, no. 1–2 (2008): 246–54, https://doi.org/10.1108/17471110810856992.

Ethical Practices and Their Implications for Trust and Business Sustainability

The ethical practices implemented within the Markisaku Syrup enterprise demonstrate not only the presence of Islamic business values in operational activities but also their tangible implications for trust formation and business sustainability. The findings indicate that ethical principles particularly honesty, justice, transparency, and care do not function in isolation but interact to produce relational outcomes that strengthen the enterprise's position among its stakeholders. In this context, ethics operates as a practical mechanism that shapes perceptions, influences behavior, and sustains long-term business relationships [38].

One of the most significant implications observed is the formation of consumer trust as a direct outcome of consistent ethical practices. The alignment between product claims and actual quality plays a central role in building this trust. Consumers reported confidence in the product due to its natural taste and consistency, which correspond to the information provided by the business. As one consumer expressed, *"the product matches what is promised, so we feel confident continuing to buy it"*. This perception reflects a causal relationship between honesty and trust, where accurate information and consistent quality reduce uncertainty and strengthen consumer confidence. Trust, in this sense, is not constructed through branding alone but through repeated verification of ethical behavior in practice. In addition to honesty, transparency contributes significantly to trust formation by reducing information asymmetry between the business and its stakeholders. The provision of clear product information through labeling and communication channels allows consumers to make informed decisions, thereby enhancing their sense of security. Although transparency in financial management is not yet fully structured, the effort to maintain openness in communication with business partners fosters mutual understanding and reduces potential conflict [39]. A business partner noted that *"we are informed about the general condition of the business, so cooperation feels more open and trustworthy"*. This indicates that even partial transparency, when consistently practiced, can support the development of trust-based relationships.

The principle of justice also plays a critical role in shaping internal trust and organizational stability. Fair treatment of employees, particularly in task allocation and compensation, contributes to a positive work environment and strengthens employee commitment. Employees who perceive fairness in their workplace are more likely to develop a sense of belonging and responsibility toward the organization. As reflected in one employee's statement, *"because we feel treated fairly, we are motivated to work better and support the business"* . This suggests that justice functions as a foundation for internal trust, which in turn enhances employee performance and organizational cohesion. In SMEs, where human resources are limited, such internal stability is essential for maintaining consistent operations. Beyond internal dynamics, ethical practices also influence the quality of relationships with business partners. Fair profit-sharing arrangements and clear communication contribute to

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[38] William Mesa dan Andrew Holt, "Identifying Trends and Opportunities in Small Business Research: A Review of Articles in the Small Business Institute Journal, 2008-2019.," *Small Business Institute® Journal (SBIJ)* 17, no. 1 (2021).

[39] Safaruddin Harefa, "The Fundamental Principles of Islamic Law in the Digital Era: An Ushul Fiqh and Maqashid Sharia Approach," *Journal of Islamic Law on Digital Economy and Business*, 23 Agustus 2025, 84–99, https://doi.org/10.20885/JILDEB.vol1.iss1.art6.

the development of long-term partnerships based on mutual trust. These relationships are particularly important for SMEs, which often rely on stable networks of suppliers and distributors. The findings suggest that ethical conduct reduces the likelihood of conflict and strengthens collaborative engagement, thereby supporting business continuity [40]. In this sense, ethics serves as a relational asset that facilitates cooperation and reduces transaction risks.

The principle of care further extends the impact of ethical practices by enhancing stakeholder satisfaction and reinforcing relational bonds. The enterprise's responsiveness to customer feedback demonstrates a commitment to maintaining service quality and addressing consumer concerns. Customers perceive this responsiveness as a sign of respect and reliability, which strengthens their emotional attachment to the business. As one customer stated, *"when there is a problem, they respond quickly and try to solve it, so we feel comfortable buying again"*. This indicates that care contributes not only to functional satisfaction but also to relational loyalty, which is critical for long-term business sustainability. Employee welfare, as part of the care principle, also contributes to sustainability by enhancing motivation and productivity. The provision of a supportive work environment and recognition of employee contributions creates a sense of appreciation that encourages sustained engagement. In SMEs, where employee turnover can significantly disrupt operations, maintaining a motivated workforce is essential for organizational stability. The findings suggest that ethical practices related to care help reduce potential dissatisfaction and strengthen employee retention [41]. In addition to relational outcomes, ethical practices in the Markisaku Syrup enterprise contribute to reputational sustainability. The consistent application of ethical values enhances the business's image as a trustworthy and responsible enterprise. This reputation, although developed informally, functions as a competitive advantage in attracting and retaining customers. In markets where consumers are increasingly aware of product quality and ethical considerations, such reputation becomes a valuable intangible asset. The enterprise's commitment to using natural ingredients and avoiding harmful additives further strengthens this perception, aligning product quality with ethical expectations [42].

Environmental awareness, although not the primary focus of the enterprise, also contributes to sustainability outcomes. Efforts to minimize production waste and consider environmentally friendly practices indicate an emerging concern for ecological responsibility. While these practices are still limited in scope, they reflect an understanding that business activities have broader social and environmental implications [43]. This awareness supports the long-term viability of the enterprise by aligning its operations with evolving societal expectations regarding sustainability. However, the findings also reveal certain limitations in

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[40] Hayfaa A. Tlaiss, "How Islamic Business Ethics Impact Women Entrepreneurs: Insights from Four Arab Middle Eastern Countries," *Journal of Business Ethics* 129, no. 4 (2015): 859–77, https://doi.org/10.1007/s10551-014-2138-3.
[41] Ali Ridho dan Dwi Rachmawati, "Analysis of Digital Transformation Strategies and Product Innovation to Enhance Competitive Advantage in Fisheries MSMEs to Support the Blue Economy in Kendal Regency," *Journal of Accounting and Finance Management* 6, no. 3 (2025): 925–31, https://doi.org/10.38035/jafm.v6i3.2209.
[42] Abuznaid, "Business ethics in Islam."
[43] Dina Munawaroh dkk., "Internalization of Inclusive Values in Al-Islam and Muhammadiyahan Learning Activities," *Journal of Islamic Education and Ethics* 3, no. 1 (2025): 102–17, https://doi.org/10.18196/jiee.v3i1.78.

the extent to which ethical practices translate into sustainability outcomes. The incomplete development of financial transparency, for example, may affect the depth of trust among business partners if not addressed in the long term. While current relationships appear stable, the absence of structured financial reporting could pose challenges as the business grows and becomes more complex [44]. This suggests that sustaining ethical impact requires not only consistent values but also the gradual development of supporting systems that enhance accountability and clarity.

Overall, the relationship between ethical practices and business sustainability in the Markisaku Syrup enterprise can be understood as cumulative and interdependent. Ethical values shape daily practices, these practices influence stakeholder perceptions, and these perceptions, in turn, determine the strength and durability of business relationships. Trust emerges as the central mechanism that connects ethical behavior to sustainability outcomes. When stakeholders consistently experience honesty, fairness, transparency, and care, they are more likely to maintain long-term engagement with the business, thereby supporting its continuity and growth. In conclusion, the findings demonstrate that ethical practices in SMEs are not merely normative obligations but strategic resources that contribute to trust formation and business sustainability. The Markisaku Syrup enterprise illustrates how the consistent application of Islamic business ethics can create a stable and trust-based business environment, even in the absence of formal governance systems. While certain aspects require further development, particularly in strengthening transparency mechanisms, the overall pattern indicates that ethical practices provide a solid foundation for sustaining business relationships and ensuring long-term viability.

Analysis/Discussion

The findings of this study provide important insights into how Islamic business ethics operate within the context of Small and Medium Enterprises (SMEs), particularly in relation to the processes of internalization and their implications for trust and sustainability. Unlike many prior studies that treat ethical principles as normative ideals or formal compliance frameworks, this study demonstrates that in SMEs, ethical values are primarily enacted through practice-based mechanisms shaped by leadership, routine interaction, and relational dynamics. This shifts the analytical focus from "what ethics should be" to "how ethics actually works" in everyday business settings [45].

One of the key contributions of this study lies in its emphasis on the role of leadership as the central driver of ethical internalization. Consistent with the perspective of Treviño et al. (2006), the findings show that ethical leadership functions not only as a source of guidance but also as a mechanism of behavioral modeling [46]. In the Markisaku Syrup enterprise, the owner's actions particularly in maintaining product integrity and honest

[44] Nisar Ahmed dkk., "Islamic Banking Perspective on Shariah Compliant FinTech (Financial Technology) Model," SSRN Scholarly Paper no. 3563030 (Social Science Research Network, 26 Januari 2019), https://papers.ssrn.com/abstract=3563030.

[45] Fitria Ayu Lestari Niu dan Priscilia Christina Sumendap, *Productive Financing for Micro, Small and Medium Enterprises (MSMES): Efforts to Achieve the Sustainable Development Goals (SDGS) | Kunuz: Journal of Islamic Banking and Finance*, 30 Desember 2024, https://ejournal.iain-manado.ac.id/index.php/kunuz/article/view/1259.

[46] Treviño dkk., "Behavioral Ethics in Organizations."

communication serve as a reference point for employees, shaping their understanding of acceptable conduct. However, this study extends existing literature by demonstrating that in SMEs, leadership is not merely influential but foundational, given the absence of formal governance structures. Ethical values are therefore not institutionalized through systems but are embodied in the person of the owner, making leadership consistency a critical factor in sustaining ethical practices [47]. Furthermore, the findings contribute to the literature on Islamic business ethics by providing empirical evidence of how core ethical principles honesty, justice, transparency, and care are operationalized in a small-scale enterprise. Previous studies have emphasized the importance of these principles at a conceptual level, yet their practical implementation often remains underexplored. This study demonstrates that these values are not abstract ideals but are translated into concrete practices such as accurate product representation, fair employee treatment, open communication, and responsiveness to stakeholders [48]. In doing so, the study reinforces the argument that Islamic business ethics possess both normative and practical dimensions, capable of guiding real-world business behavior [49].

The study also offers a nuanced understanding of the concept of internalization. Rather than viewing internalization as a complete or uniform process, the findings reveal that it is partial, dynamic, and context-dependent. While honesty and justice appear to be strongly embedded in daily operations, transparency particularly in financial reporting remains less fully developed. This uneven pattern suggests that internalization is influenced not only by ethical commitment but also by organizational capacity and resource availability [50]. This insight aligns with the broader SME literature, which highlights structural limitations as a key factor shaping organizational practices [51]. Thus, ethical internalization should be understood as a gradual and evolving process, rather than a fixed state. Another important contribution of this study is its identification of trust as a central mechanism linking ethical practices to business sustainability. The findings demonstrate that trust is built through consistent ethical behavior, particularly through honesty in product quality and transparency in communication. This supports the argument that trust is not merely an outcome of ethical conduct but a process that emerges through repeated interaction and verification [52]. In the context of SMEs, where formal contracts and regulatory enforcement may be limited, trust becomes a critical resource for sustaining business relationships. The study thus highlights the strategic value of ethical practices, not only as moral obligations but also as drivers of relational stability and business continuity.

The relationship between ethical practices and employee outcomes also warrants attention. The findings indicate that fairness in task allocation and compensation contributes

[47] Ndiaye dkk., "Demystifying small and medium enterprises' (SMEs) performance in emerging and developing economies."
[48] Ali dan Al-Owaihan, "Islamic work ethic."
[49] Ebrahim dkk., "Islamic Finance and Sustainable Development Goals in Bahrain."
[50] Zaini Hafidh dkk., "Business Diversification and Innovation as Pathways to Financial Viability in Pesantren," *Indonesian Research Journal in Education |IRJE|* 10, no. 1 (2026): 95–115, https://doi.org/10.22437/irje.v10i1.48304.
[51] Zamani, "Small and Medium Enterprises (SMEs) facing an evolving technological era."
[52] Lynn M. Morgan dan Elizabeth F. S. Roberts, "Reproductive governance in Latin America," dalam *Reproduction and Biopolitics* (Routledge, 2015).

to employee satisfaction and motivation. This is consistent with organizational justice theory, which posits that perceived fairness enhances employee commitment and performance[53]. In SMEs, where human resources are often limited, maintaining a motivated and committed workforce is essential for operational stability. The study therefore suggests that ethical practices can serve as a form of internal governance, reducing the need for formal control mechanisms by fostering voluntary compliance and engagement. In addition to internal and relational outcomes, the study highlights the role of ethical practices in shaping business reputation. The consistent use of natural ingredients and honest communication contributes to a positive image of the enterprise as trustworthy and responsible. This reputation functions as an intangible asset that enhances competitiveness, particularly in markets where consumers are increasingly concerned with product quality and ethical standards. Carroll and Shabana argue that such alignment between ethical values and business practices can create long-term value by strengthening stakeholder relationships and enhancing organizational legitimacy [54]. The findings of this study provide empirical support for this argument within the SME context.

Despite these positive outcomes, the study also identifies important limitations that have implications for both theory and practice. The incomplete implementation of financial transparency highlights the challenges faced by SMEs in translating ethical values into systematic practices. While the intention to be transparent is evident, the lack of structured reporting systems limits the depth of accountability [55]. This suggests that ethical commitment alone is insufficient without the support of appropriate organizational mechanisms. From a theoretical perspective, this finding underscores the need to integrate ethical frameworks with organizational capacity considerations when analyzing SMEs. Moreover, the reliance on informal governance mechanisms raises questions about the scalability of ethical practices. While relational and leadership-based approaches may be effective in small-scale settings, they may become insufficient as the organization grows and becomes more complex. This points to the importance of developing hybrid governance models that combine informal ethical practices with more structured systems [56]. Such models would allow SMEs to maintain their ethical orientation while adapting to changing organizational demands.

The study also contributes to ongoing discussions about the role of ethics in business sustainability. While sustainability is often associated with environmental and financial dimensions, this study highlights the importance of relational sustainability, which is grounded in trust, fairness, and stakeholder engagement. Ethical practices create a stable relational environment that supports long-term business continuity, even in the absence of

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[53] Mustakim dkk., *The Development of Business Based on Sharia to Achieve Common Profit and Community Welfare at Islamic Boarding School Azkal Azkia Liddarain NW | PALAPA*.

[54] Carroll dan Shabana, "The Business Case for Corporate Social Responsibility."

[55] M. Karim dkk., "Competitiveness and SMEs production sustainability through the cleaner production (case study: SMEs of fish processing unit in Pinrang Regency, Indonesia)," *IOP Conference Series: Earth and Environmental Science* 473 (2020): 1, https://iopscience.iop.org/article/10.1088/1755-1315/473/1/012019/meta.

[56] Sayd Farook dan Mohammad Omar Farooq, "Shariah Governance, Expertise and Profession: Educational Challenges in Islamic Finance," SSRN Scholarly Paper no. 1813483 (Social Science Research Network, 1 Juni 2013), https://doi.org/10.2139/ssrn.1813483.

advanced technological or financial resources. This perspective expands the understanding of sustainability by emphasizing the social and ethical foundations of business success.

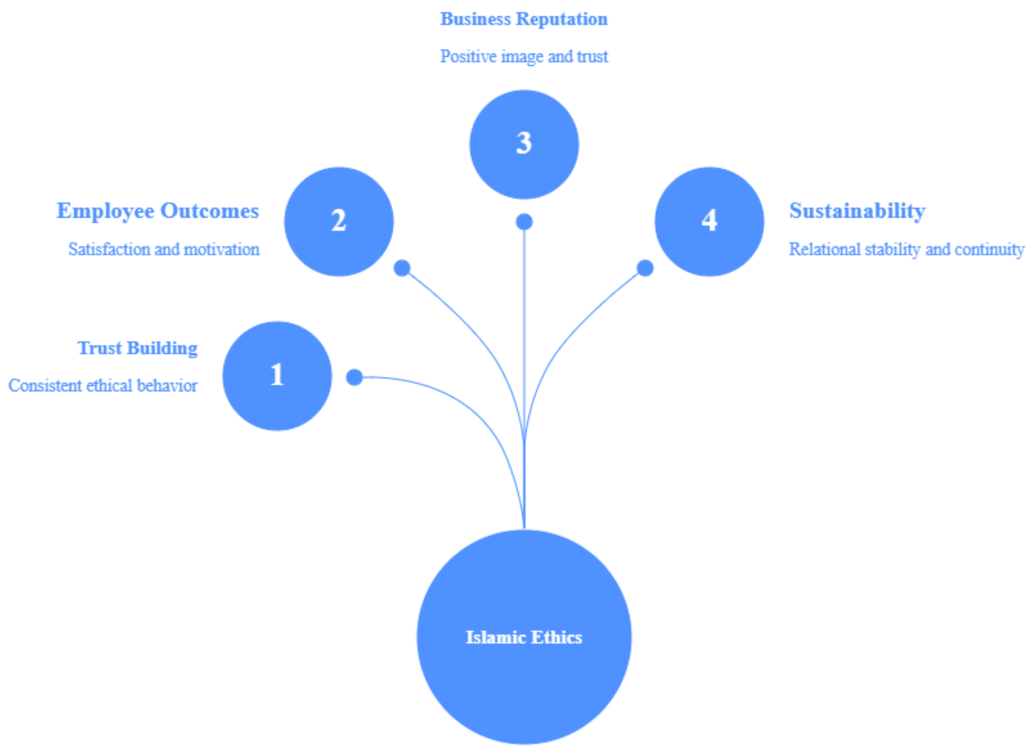

Figure 1 Islamic Ethics Impact SME Behavior

In conclusion, this study demonstrates that Islamic business ethics, when internalized through practice, leadership, and interaction, can play a significant role in shaping SME behavior and outcomes. The findings highlight the importance of viewing ethics not as a static set of principles but as a dynamic process that evolves through daily practice and stakeholder engagement. While challenges remain, particularly in formalizing certain aspects such as financial transparency, the overall evidence suggests that ethical practices can serve as a powerful foundation for trust, sustainability, and long-term business success. This study thus provides both theoretical and practical contributions, offering a more grounded understanding of how ethical values function within the realities of SME operations.

CONCLUSION

This study examined the internalization of Islamic business ethics within an SME context, focusing on how ethical values are embedded in daily business practices and how they contribute to trust and sustainability. The findings reveal that principles such as honesty, justice, transparency, and care are not merely conceptual ideals but are actively reflected in the operational activities of the Markisaku Syrup enterprise. Ethical values are translated into practice through consistent actions, particularly in maintaining product quality, ensuring fair treatment of employees, and engaging openly with stakeholders. A key conclusion of this study is that the internalization of ethical values in SMEs is primarily driven by leadership and sustained through routine practices. In the absence of formal governance systems, the business owner plays a central role in shaping ethical orientation and influencing organizational behavior. Ethical values are not imposed through formal rules but are gradually embedded through repeated actions and interactions, creating a work environment where ethical conduct becomes a shared norm among employees. The study also finds that ethical internalization is not uniform across all dimensions. While honesty and justice are strongly embedded in business practices, transparency particularly in financial reporting remains partially developed. This indicates that internalization is influenced not only by ethical commitment but also by organizational capacity and resource availability. As such, strengthening supporting systems, especially in financial management, is necessary to ensure a more comprehensive implementation of ethical principles.

In terms of outcomes, the findings highlight that ethical practices play a significant role in building trust and supporting business sustainability. Trust emerges as a direct result of consistent ethical behavior, particularly through honest communication and fair interactions with stakeholders. This trust strengthens relationships with consumers, employees, and business partners, thereby contributing to long-term business continuity and stability. Ethical practices, therefore, function not only as moral obligations but also as strategic assets that enhance the resilience of SMEs. Overall, this study demonstrates that Islamic business ethics can be effectively internalized in SMEs through practice-based mechanisms, even in the absence of formal structures. The findings provide empirical support for the view that ethical values, when consistently applied, can foster trust, strengthen relationships, and support sustainable business development. Future research is encouraged to expand the scope by examining multiple cases and exploring how ethical internalization evolves in more complex organizational settings.

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