

Analysis of the Competitive Advantage of Madura Stores in Business Competition in the Horseshoe Region: A Review of Islamic Business Ethics

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ABSTRACT

The dynamics of retail competition in Indonesia showcase the unique resilience of traditional businesses, one of which is Toko Madura. This study aims to analyze in depth how the application of Islamic business ethics values creates a competitive advantage for Toko Madura in facing competition, particularly in the Tapal Kuda area, East Java. Using a qualitative case study approach, data were collected through in-depth interviews, observations, and documentation studies. The results reveal that Toko Madura's competitive advantage stems from the internalization and implementation of Islamic ethical values such as shiddiq (honesty), amanah (responsibility), 'adl (justice), and ta'awun (mutual assistance) in its business operations. These values are manifested in an interest-free credit system (lending), close kinship relationships with customers, flexible operating hours, and adaptation to the socio-economic conditions of the local community. The application of these values not only builds strong customer loyalty and trust but also serves as a key factor in business resilience amidst the onslaught of modern retail. This study concludes that the integration of sharia principles and the local wisdom of Pendalungan culture creates a sustainable and competitive business model. This study offers novelty by integrating the perspective of Islamic business ethics and the cultural context of Pendalungan in explaining the sources of competitive advantage of Toko Madura, an aspect rarely studied comprehensively in previous research. Academically, this study enriches the contextual study of sharia economics by demonstrating that Islamic ethical values can function as a strategic resource in building business competitiveness. Practically, these findings can serve as a reference for the development of values-based MSMEs, as

well as be a consideration for local governments in formulating MSME empowerment policies that integrate sharia principles and local wisdom.

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Introduction

Amidst the onslaught of modern markets and large-scale supermarket chains, some traditional businesses have managed not only to survive but also demonstrate resilience and competitive advantage. One phenomenon that has attracted attention is the existence of Madura Stores, which are often favored by people in various regions, including the Tapal Kuda area. These stores are known for their distinctive offering of a wide range of basic and non-essential goods, operating 24 hours a day. Another unique feature lies in their business model, which relies on interest-free credit (*ngutang*) and close kinship relationships with customers. Madura Stores have proven this by becoming socio-economic institutions that function not only as transaction venues but also as financial safety nets for people with irregular incomes.

Toko Madura's business model extends beyond mere buying and selling, but has become a socio-economic institution integrated into community life. The interaction between shop owners, predominantly Madurese, and consumers from diverse backgrounds creates a unique business ecosystem. Their success in building customer loyalty and maintaining operations raises fundamental questions about the source of their competitive advantage, enabling them to compete in an increasingly competitive business landscape.(Fahrurrozi, 2024)

In coastal communities in East Java, particularly in the Tapal Kuda region, Madura shops have become an integral part of local social and economic life. Sociologically, the existence of Madura shops reflects a form of community solidarity and social capital among Madurese traders, a solid community of fellow Madurese, enabling the exchange of information, capital, and experience in their businesses. Furthermore, Madura shops also play an important social role in the community due to their flexible operating hours and affordable prices, making them a primary choice for local consumers despite increasing competition from modern retailers. The presence of Madura shops spread across various

strategic urban locations is faced with a multidimensional reality. Behind the impression of simplicity, these business entities must face various challenges, such as intense competition from modern retailers and transformations in consumer behavior.(Wafi et al., 2024)

In terms of Islamic business ethics, Madurese traders often integrate religious values into their business practices as part of their cultural and moral identity. Values such as honesty, social responsibility, trustworthiness, and fair competition are the operational foundations of Madurese shops in the face of increasingly fierce competition. A study of Madurese grocery stores shows that their work ethic and business strategies are heavily influenced by Islamic economic principles, including fair pricing and transparency. Furthermore, Madurese traders' belief systems, reflecting the integration of religiosity and business practices, give them a competitive advantage difficult for modern retailers to replicate due to their personal and long-term relationships with customers.(Amarudin et al., 2025)

The Horseshoe Region is an area in the eastern part of East Java Province, Indonesia, stretching from Pasuruan to Banyuwangi and having a horseshoe-like shape. It comprises several regencies, including Pasuruan, Probolinggo, Lumajang, Jember, Situbondo, Bondowoso, and Banyuwangi. It is known for its culture. The digging, a mixture of Javanese and Madurese culture, and rich in natural and mountain tourist destinations whose economy is dominated by the agricultural and plantation sectors.(Yeni Juliana, 2025)

This demographic structure creates a unique market, where consumption patterns are heavily influenced by harvest seasons and commodity price volatility. Madurese shops emerged, adapting to these conditions by offering simple credit schemes that address residents' income uncertainty. In terms of location, Madurese shops are typically located in strategic locations, such as busy centers or densely populated areas, making them easily accessible to consumers. Furthermore, these shops symbolize cross-cultural adaptation between the Javanese and Madurese communities in Tapal Kuda, combining Madurese ethnic entrepreneurial values with the diverse socio-economic needs of the local community, creating a fascinating "living business laboratory" for research.(Sholeh, 2020)

According to Islamic economists such as M. Umer Chapra, Islamic business ethics emphasizes the integration of spiritual values into economic practices to achieve a balance between material gain and social welfare, which can be applied in the context of business competition, such as in the Tapal Kuda region. Chapra argues that competitive advantage

depends not solely on technical efficiency, but also on a commitment to sharia principles that encourage ethical innovation and long-term sustainability. This is in line with empirical studies showing that businesses based on Islamic ethics are able to survive in competition through higher consumer loyalty.(Muhammad Umer Chapra, nd)

Toko Madura, as a business entity often associated with the cultural and ethical values of the Madurese community, demonstrates competitive advantage through the application of sharia principles such as honesty (shiddiq), responsibility (amanah), justice ('adl), and freedom of transactions (hurriyyah) as its ethical foundation. Because the ideal business is one that not only pursues profit, but also has the values of blessing and justice. The interest-free credit system implemented by Toko Madura, if managed transparently and without elements of extortion, is in line with the principle of avoiding usury which is the heart of Islamic business ethics according to Antonio in(Haidar, 2024)

Islamic economists emphasize the importance of building partnerships and mutual assistance (ta'awun) in transactions. The practice of building trust and extending leniency (tasamuh) to customers in need, as frequently seen in Toko Madura's operations, reflects Islamic values in managing human relationships beyond formal contracts. This demonstrates that competitive advantage can be built on a foundation of ethical and spiritual values. The concept of ta'awun and avoiding injustice in transactions are essential pillars in building a civilized society.(Bramayuda et al., 2025)

Although various previous studies have examined Islamic business ethics in MSMEs and Madurese food stalls, most of these studies have focused on the normative aspects of business ethics, trader behavior, or business strategy separately.(Nasrulloh, 2022)highlights the implementation of Islamic business ethics and the digital transformation of Madura MSMEs, while(Choiri & Aminuddin 2025)places more emphasis on Islamic work ethics as a factor in business success. Meanwhile, research(Ma'had Aly Nurul Cholil & Fadoilatul Akmal, 2024)examines buying and selling practices from a Sharia-compliant perspective. However, no research has been found that specifically analyzes how Islamic business ethics values transform into a source of competitive advantage in the socio-cultural context of Pandalungan in the Tapal Kuda region.

This research gap indicates that the relationship between Islamic business ethics, local culture, and the competitive advantage of MSMEs remains under-explored. However, in the context of the Pandalungan community, a product of the acculturation of Javanese and Madurese cultures, religious and social values significantly influence economic

behavior. Therefore, this study seeks to address this gap by integrating Islamic business ethics and local culture as an analytical framework to explain the resilience and competitiveness of Madurese stores amidst modern retail competition.

When research fails to combine an analysis of Islamic business ethics with a local competitive approach, it can lead to a misconception about the basis of Toko Madura's superiority, which actually stems from the moral values and traditions of its community, as well as economic factors. There is a high risk of understanding bias if research does not comprehensively examine the relationship between ethics, business practices, social networks, and customer preferences in the Horseshoe region. This can lead to unclear interpretations of Toko Madura's sustainability and how it contributes to fair business competition, as expected by Islamic business ethics and national economic policy.

The novelty of this research lies in its attempt to integrate Islamic business ethics, Pendalungan culture, and the concept of competitive advantage into a single, coherent analytical framework. Unlike previous research that tends to separate the dimensions of ethics and business strategy, this study demonstrates that Islamic values such as shiddiq, amanah, 'adl, and ta'awun serve not only as moral guidelines but also as sources of competitive advantage that can increase customer loyalty, build social capital, and strengthen business resilience. Furthermore, this study presents a more contextual perspective on Islamic economics by focusing on the Tapal Kuda region, which possesses distinctive socio-cultural characteristics through Pendalungan culture.

This research's academic contribution lies in strengthening contextual Islamic economic studies, which position Islamic ethical values as a strategic factor in shaping the competitive advantage of MSMEs. The research findings broaden the perspective of Islamic economics, which has traditionally been largely normative, by demonstrating empirical evidence that Islamic values can function as social capital and intangible resources that support business sustainability. Thus, this research provides a theoretical foundation for the development of value-based business models in Islamic economics and business studies.

The main objectives of this study are: 1) To comprehensively analyze how the application of Islamic business ethics values creates a competitive advantage for Madura Stores in the Tapal Kuda area. The researcher does this by analyzing various operational aspects, competitive strategies, sociocultural contexts, and their effects on business

survival. Specifically, this objective will be achieved by identifying the practice of Islamic values such as shiddiq (honesty), amanah (responsibility), 'adl (justice), and ta'āwun (mutual assistance) in Madura Store operations. 2) To analyze how these values shape customer loyalty, trust, and business resilience; exploring supporting and inhibiting factors within the cultural context of the Pendalungan community. Therefore, this study not only addresses the academic question of the integration of ethics and business competition but also provides strategic insights useful for enhancing the competitiveness of value-based MSMEs in specific areas..

Method

This research employs a qualitative research method with a case study approach. This approach was chosen because it aims to deeply understand a complex phenomenon in a real-world context: how Islamic business ethics values are applied in daily business practices by Madurese shop owners and how this contributes to their competitive advantage in the specific region of Tapal Kuda. The characteristics of "analysis" and "ethical review" require rich descriptive data, rather than numerical data.

The primary data collection methods in this study include in-depth interviews and observations. In-depth interviews with several Madurese shop owners and employees, as well as potential customers, will be used to explore their understanding of Islamic business ethics, competitive strategies, and perceptions of their stores' superiority. Direct observation of store operations, customer interactions, and long opening hours (a common phenomenon in Madurese shops) will provide valid contextual data.

Data analysis was conducted qualitatively, involving several stages such as data reduction, data presentation, and conclusion drawing/verification. Data collected from interviews and observations were transcribed and categorized based on key themes, such as the principle of honesty (*Siddiq*), justice, service, and social responsibility.(Ulfa & Misbahuddin, 2025)The researcher will analyze these field findings and compare them with the principles of Islamic business ethics to identify how these values are internalized and implemented in the business excellence of Madura shops.

Overall, this study uses a descriptive-analytical qualitative case study design to provide an in-depth and comprehensive overview of the Madurese shop phenomenon in Tapal Kuda from the perspective of Islamic business ethics. This methodological framework allows for the exploration of complex socio-cultural and religious factors that influence their business practices and competitiveness in the local market..

Results and Discussion

The research results indicate that migration background is a fundamental factor in the establishment of Madura Stores in the Tapal Kuda region. The majority of business owners are migrants from Madura, driven by limited employment opportunities and relatively unfavorable economic conditions in their hometowns. Several informants stated that the relatively quiet conditions in Madura and the limited job opportunities encourage people to migrate to areas with higher population densities and more open business opportunities. This statement indicates that the decision to open Madura Stores was based on rational considerations of market potential and business sustainability opportunities, even though they started with limited capital.

In addition to migration, the socioeconomic characteristics of the Tapal Kuda community also influence the dynamics of retail competition. Residents in plantation areas and industrial centers tend to have relatively stable incomes, while rural communities with limited agricultural land still rely on seasonal crops. This situation makes the retail trade sector a key driver of the local economy, while also creating a high level of competition among businesses. In this context, Toko Madura exists as a business unit capable of meeting the community's need for easy and affordable access to daily necessities.

In its pricing strategy, the Madura Shop owner tends to implement a relatively small profit margin. This approach is taken to ensure business sustainability and maintain long-term customer loyalty. As explained by Mrs. Rizkiyah, profit is not a top priority, as long as the business remains operational and customers continue to shop. This pattern reflects a business orientation that places greater emphasis on stability and sustainability than achieving maximum short-term profits.

Operational cost efficiency is one of Toko Madura's main competitive advantages. Most stores are independently managed, utilizing family labor, and using modest premises, often integrated with the owner's residence. This management model allows for reduced rental costs and daily operating expenses, allowing for more competitive pricing compared to modern retail. Furthermore, business continuity is supported by strong kinship networks and solidarity among Madurese migrants, particularly in terms of capital, inventory provision, and the exchange of business information.

In operational management, consistency is a principle that Toko Madura owners maintain closely, particularly regarding operating hours and stock availability. Consistent opening hours are seen as both a form of moral commitment and a strategy for building

consumer trust. By maintaining a complete stock of daily necessities and consistent operating hours, Toko Madura is able to maintain its position as a reliable provider for the surrounding community.

From an Islamic business ethics perspective, Toko Madura's business practices demonstrate the consistent implementation of honesty (*shiddiq*) and trustworthiness. Honesty is reflected in transparent weighing practices and fair pricing without manipulation. Meanwhile, trustworthiness is demonstrated through the shop owner's responsibility to safeguard and return lost items or money to customers. These practices contribute significantly to building ongoing customer trust and loyalty.

Religious values are also strongly integrated into Toko Madura's business activities. Worship is positioned as a top priority in running the business, as reflected in the timely performance of prayers, the practice of voluntary prayers, and the involvement of family members and employees in religious activities. Furthermore, the practice of regular charity, the payment of *zakat* (alms), and the organization of religious activities are part of a spiritual strategy to achieve business blessings. This integration of economic activity and religious values demonstrates that business is not merely viewed as a means of profit, but also as a form of devotion and social responsibility.

In maintaining relationships with customers, the Madura Shop owner prioritizes a family-like approach and social awareness. Customers are treated fairly and without discrimination, both in small and large transactions. Social awareness is also evident in the shop owner's attention to the well-being of customers and the surrounding environment, ultimately strengthening emotional bonds and increasing customer loyalty.

As the business grew, Toko Madura faced various challenges, such as increased competition from modern retailers, a shift in consumer behavior toward online shopping, and price increases from distributors. To respond to these challenges, Toko Madura's owners implemented adaptive strategies, including increasing the variety of basic necessities, providing additional services such as selling phone credit, electricity tokens, and gasoline, utilizing simple communication technology through WhatsApp groups, and offering delivery services for select customers. This strategy reflects a strong adaptability and resilience in maintaining business continuity.

Referring to the research results that have been presented, it can be identified that Madura Shop has the following characteristics or uniqueness:

1. Based on migration and strong kinship networks

2. Low price strategy with a sustainable business orientation
3. Operational efficiency and simple management
4. Consistency of operating hours and availability of goods
5. Prioritizing Islamic business ethics
6. Integration of religious values in business activities
7. Family approach to customer service
8. Adaptive to market changes and needs.

Discussion

The application of Islamic business ethics values that create competitive advantages for Madura Stores in the Tapal Kuda area.

The results of the study show that the operational practices of Madura Stores in the Tapal Kuda area clearly reflect the application of Islamic business ethics values, especially shiddiq (honesty), amanah (responsibility), 'adl (justice), and ta'āwun (mutual assistance).

The value of shiddiq is reflected in transparent transaction practices, such as weighing goods in excess of the required measurements, setting fair prices, and returning excess change to customers. As stated by Mr. H. Farid, "I try to weigh items like sugar in excess of the required measurements. For example, if the scale measures 1 kg, I will weigh 2 ounces more." This practice demonstrates the moral commitment of business actors to avoid elements of fraud (gharar) and dishonesty in economic activities.

The value of honesty in business is strictly enjoined in the Koran. Allah SWT says:

وَأَوْفُوا الْكَيْلَ وَالْمِيزَانَ بِالْقِسْطِ

"And perfect the measures and scales fairly." (QS. Al-An'am: 152)

This verse emphasizes the obligation of business actors to maintain fairness in transactions, including transparency of pricing and product quality. In the context of Toko Madura, the practice of selling goods at fair prices, not reducing weight, and providing transparent product information are examples of implementing these values. This honesty builds positive consumer perceptions, thereby increasing market trust. This trust then becomes a source of competitive advantage because customers tend to return to merchants perceived as trustworthy.

This is in line with the findings (Sa'di, 2024) In a study of the Islamic work ethic of Madurese traders, it was shown that honesty in weighing and transparency in transactions

are characteristics of the Madurese ethnic group for building customer trust. Hasse Jubba (2022) The principle of shiddiq, the morality of the Prophet Muhammad (peace be upon him), requires sharia merchants to maintain absolute integrity to prevent gharar, as demonstrated by the Madura Store's practice of refunding excess funds. This approach not only strengthens customer loyalty but also reflects holistic Islamic business ethics.

Apart from that, Islam also prohibits fraudulent practices in trade as stated in the words of Allah SWT: *"Woe to those who cheat (in weights and measures)."* (QS. Al-Mutaffifin: 1)

This prohibition emphasizes that the success of a business depends on the integrity of its owners. Madura stores that maintain a reputation for honesty and fairness gain social capital in the form of trust from the surrounding community. This social capital is a strategic asset that impersonal retail businesses lack. Thus, Islamic business ethics not only has normative value but also has real economic implications for business sustainability.

The shop owner's responsibility to foster customer trust in managing merchandise and a professional attitude towards customers demonstrates the value of trustworthiness. According to field findings, Madura shop owners are willing to retrieve items or money left behind by customers and return them upon their return. This aligns with Al-Ghazali's theory of Islamic business ethics, which emphasizes trustworthiness as the responsibility to safeguard others' property (hifz al-mal) to prevent betrayal in transactions. (Iltiham, nd) This practice reinforces the principle of fiduciary responsibility to build economic justice and long-term customer loyalty, according to Ibn Taymiyyah's perspective on Islamic jurisprudence (fiqh muamalah). This method demonstrates how Islamic values can be applied to contemporary commerce.

This trust not only serves as a psychological factor in consumer decision-making but also as social capital that strengthens long-term relationships between businesses and the surrounding community. Islamic business ethics plays a strategic role in enhancing the social legitimacy of MSMEs because the moral values they apply align with local norms and expectations. (Silviyah, 2022)

Meanwhile, the value of 'adl (justice) is clearly reflected in the fair treatment of all customers, regardless of social background, economic status, or transaction value. Every customer is treated equally, whether making large or very small purchases. This practice of equal service demonstrates Toko Madura's commitment to upholding the principle of fairness in daily business interactions.

The principles of Islamic business ethics are also strengthened through the hadith of the Prophet Muhammad SAW: *"Honest and trustworthy traders will be with the prophets, shiddiq people and martyrs.* (HR. Tirmidhi). This hadith demonstrates that business activities have a religious dimension when conducted ethically. Madurese shop owners generally practice a friendly attitude, provide flexible service, and provide convenience to loyal customers, such as a trust-based credit system. These practices reflect the concepts of amanah (trust) and ihsan (goodwill) in Islamic transactions. From a business perspective, this personal approach strengthens the emotional bond between seller and consumer, fostering loyalty, a competitive advantage amidst the expansion of modern retail.

This finding is reinforced by the results of an interview with one informant who stated that "we serve all customers equally, whether they buy one hundred thousand or only buy two thousand, we serve them patiently and diligently." This statement indicates that the principle of justice is not only understood normatively, but also implemented consistently in the practice of serving consumers. This is in line with the theory of Islamic business ethics which emphasizes that the principle of 'adl requires business actors to be objective, proportional, and not harm other parties in every transaction.(Beekun, 1996).

In addition, several Madurese shops offer easy credit payments (bai' al-taqsih) to trusted customers for repeat transactions, without usury, and with easily visible records. This method helps low-income people obtain their basic needs without interest, demonstrating the application of distributive justice focused on the common good. According to the majority of scholars, the concept of bai' al-taqsih in Islamic jurisprudence (fiqh muamalah) allows credit transactions with reasonable price differences as long as they do not involve usury and gharar. In Al-Halal wa al-Haram fi al-Islam, Yusuf al-Qardhawi states that providing convenience in economic transactions is a form of economic ihsan that supports the welfare of the community.(Wilda, 2022).

Within the social networks of Madurese traders, the value of mutual assistance (ta'āwun) is clearly evident. This network demonstrates solidarity among migrants through capital assistance, inventory provision, and the exchange of business information. Relationships with the surrounding community, such as helping customers or neighbors in distress, reflect this value, ensuring that business activities are not affected by social and collective factors.

According to the theory of ta'āwun in an Islamic perspective, as explained by the Indonesian Ministry of Religion, this concept refers to helping each other in goodness and piety, as mentioned by Allah in surah Al-Maidah verse 2:

وَلَا تَعَاوُنُوا عَلَى الْإِثْمِ وَالْعُدْوَانِ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ﴿٢﴾

"Help you in (doing) righteousness and piety, and do not help in committing sins and enmity. Fear Allah, indeed Allah is very severe in punishment."

This verse strengthens the socio-economic bonds based on trust among Madurese traders. One informant stated, "If I have difficulty with capital or inventory, my fellow workers usually lend me capital or help me." This practice aligns with Madurese cultural studies that emphasize mutual cooperation as a strategic asset in MSME businesses.(Puteri & Subagio, 2025)

Furthermore, operational efficiency supported by family management, long operating hours, and a comprehensive selection of daily necessities further strengthens Toko Madura's competitiveness, in line with research findings showing that effective inventory management and operational efficiency are crucial factors in increasing the profitability and sustainability of MSME retail businesses. Operational efficiency in retail not only reflects the optimization of resource use but also increases the ability to adapt to the dynamics of market demand. Thus, an efficient operational strategy is a crucial foundation for maintaining the existence of traditional businesses amidst competition with other retailers.(Tafonao et al., 2025)

However, what fundamentally distinguishes Toko Madura is the ethical and religious dimensions inherent in its business practices, ensuring that the relationship between merchants and customers is not merely transactional but also relational. The principles of Islamic business ethics have been proven to contribute to the formation of harmonious relationships between businesses and consumers, where values such as honesty, trustworthiness, and social responsibility strengthen customer trust and support business sustainability. This approach not only enhances the business's image but also creates a foundation for social relationships that have a more lasting impact than mere economic transactions.(Purwandari, 2025)

The Influence of Ethical Values on Business Resilience and Sustainability

The results of this study indicate that Islamic business ethics values play a significant role in shaping the resilience and sustainability of Toko Madura's business, particularly in the face of unstable economic dynamics such as distributor price fluctuations

and increasing competition from modern retailers. The application of Islamic principles such as honesty, trustworthiness, and responsibility not only strengthens the operational moral foundation but also creates an adaptive and resilient work culture in the context of MSMEs. This finding aligns with studies of Islamic business ethics that show that the integration of sharia values into business practices positively contributes to the long-term stability and resilience of MSMEs in Indonesia.(Arizul, 2025)

Patience, gratitude, and steadfastness in running a business provide psychological and spiritual capital for Toko Madura entrepreneurs, enabling them to overcome market pressures and limited internal resources. This psychospiritual dimension broadens the understanding of business resilience not only as a result of economic strategy but also as a manifestation of religious values internalized personally by entrepreneurs. Research on Islamic business ethics confirms that internalizing spiritual values such as trustworthiness and responsibility has a significant impact on the sustainability of ethical and harmonious economic relations.(Rahayu, 2025)

Religious practices such as timely prayer, regular almsgiving, and zakat (alms) are not only seen as individual religious obligations but also as spiritual strategies that enhance the collective blessings of a business. These activities strengthen social ties and the moral reputation of businesses in the eyes of the customer community, which in turn increases consumer loyalty and trust. A study of Islamic business ethics values among local MSMEs found that integrating religious rituals into business activities enriches the consumer experience and strengthens customer loyalty through the formation of shared social values.(Azzahra & Putri, 2025)

This integration of economic and spiritual aspects strengthens the motivation of entrepreneurs to persist long-term despite limited capital and intense market pressures. An approach that combines Islamic value-based business strategies with operational sustainability principles enables MSMEs to maintain business stability and expand their social networks. Research on Islamic business ethics in MSME development confirms that sharia principles impact not only economic performance but also the formation of a sustainable and competitive business culture.(Shofira et al., 2025)

From an Islamic economic perspective, business sustainability is not only measured by profitability alone, but also by the dimensions of social benefits and blessings created through ethical and religious business practices. The findings of this study indicate that

Toko Madura is able to maintain its existence because it has successfully integrated economic, social, and spiritual dimensions in a balanced manner, resulting in business performance that is not only stable but also socially meaningful. The study of the principles of Islamic business ethics in the context of Indonesian MSMEs shows that the consistent application of spiritual values and business ethics can encourage business sustainability and positive contributions to the community environment.(Abdurrahman, 2025)

Supporting and Inhibiting Factors in the Cultural Context of Pandalungan

The sociocultural context of the Pandalungan community in the Tapal Kuda region is a crucial aspect influencing the successful implementation of Islamic business ethics practices, such as those practiced by Toko Madura. Pandalungan culture emerged from a strong acculturation between Madurese and Javanese cultures, creating unique values of shared life such as kinship, social solidarity, high religiosity, and distinctive cultural communication. Research shows that this community is not simply a migration, but has created a new, distinctive cultural identity in Tapal Kuda through a process of social and linguistic hybridization between the Madurese and Javanese communities.(Graduate et al., 2024)

In the context of Islamic business ethics, these local cultural values actually strengthen moral principles such as honesty (ʃidq), amanah (trust), justice ('adl), and social concern, which are relevant in building relationships between business actors and consumers and other business partners. Empirical studies show how the values of cooperation and mutual assistance reflect the harmony between local cultural principles and Islamic business ethics, thus supporting the integration of moral values into daily trading practices.

However, there are several significant inhibiting factors in the implementation of Islamic business ethics among local businesses, particularly in traditional areas like Pandalungan. One major challenge is the continued expansion of modern retail, which not only brings price competition but also shifts consumer behavior toward more digital consumption and less adherence to local market traditions. These modern retailers often offer additional attractions, such as convenience and a wider product variety, leading to a shift in consumer behavior toward online transactions.

Furthermore, limited access to and literacy in digital technology remains a real obstacle for traditional businesses in optimally adapting to market changes. Despite this, many business owners, such as the manager of Toko Madura, demonstrate creative

adaptability through the use of simple technologies, such as using messaging apps like WhatsApp for ordering and delivery, to maintain competitiveness and expand customer networks in the digital age. This aligns with findings that technology integration, when associated with Islamic business ethics, can help increase consumer trust and business sustainability, provided it remains grounded in Sharia principles such as trustworthiness and fairness.

Overall, the cultural values of Pendalungan, particularly its solidarity, religiosity, and strong social communication style, are strategic assets in strengthening the implementation of Islamic business ethics in the local sphere. However, business actors also need to understand and anticipate the dynamics of market modernization so that local business culture can grow alongside the changing structure of increasingly digitalized consumption.(Abelyfaya & Majid, 2025)

Conclusion

This study shows that the application of Islamic business ethics values in store operational practices gives Toko Madura in Tapal Kuda a competitive advantage. The values of shiddiq (honesty), amanah (responsibility), adl (justice), and ta'āwun (mutual assistance) not only serve as moral guidelines but also strategically function to build trust, customer loyalty, and business resilience amidst modern retail competition. Transparency in transactions, fair pricing, fair service, and a trust-based, interest-free credit system are some examples of the application of Islamic business ethics. These practices build relational and long-term business relationships, creating non-price differences that are difficult to replicate by modern retailers that tend to focus solely on operational efficiency.

In addition to ethical factors, Toko Madura's sustainability is also supported by operational efficiency, family-based business management, and the ability to adapt to changes in the business environment. The integration of economic and religious dimensions, such as consistent worship and social awareness, contributes to building business resilience in the face of market fluctuations and resource constraints. The Pandalungan culture in Tapal Kuda helps foster the acceptance and successful implementation of Islamic business ethics. Toko Madura adheres to sharia principles that align with the values of family, social solidarity, and community religiosity. However, the expansion of modern retail and limited digital literacy remain challenges that require adaptive responses.

Overall, this study demonstrates that Islamic business ethics provides a relevant and sustainable value-based competitive advantage for MSMEs. It also provides theoretical contributions to the development of relevant Islamic economics research and practical implications for enhancing MSME competitiveness based on local wisdom.

This research is limited by its focus on the Tapal Kuda region and its use of a qualitative case study approach. Therefore, further research is recommended to expand the geographic scope to other regions with different socio-cultural characteristics, as well as conduct comparative studies between Madura Stores and other forms of traditional retail businesses. A quantitative or mixed methods approach could also be used to more objectively measure the influence of Islamic business ethics values on customer loyalty, business performance, and the competitive advantage of MSMEs.

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