

# Analysis of the Application of Islamic Business Ethics (Case Study of Lopo Mandheling Coffee Panyabungan Mandailing Natal)

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## Abstract

**Purpose:** This research aims to examine how the Islamic business ethics present at Lopo Mandheling Coffee align with Islamic business ethics, in which the author conducts a study titled "Analysis of the Implementation of Islamic Business Ethics at Lopo Mandheling Coffee Panyabungan Mandailing Natal."

**Methodology:** A qualitative approach was used in this study. At the Lopo Mandheling Coffee, good Islamic business ethics were implemented in accordance with the principles of unity, balance, free will, and responsibility.

**Results:** It can be concluded that Lopo Mandheling Coffee has implemented Islamic business ethics as a competitive advantage. It is as if we have implemented the obligation to perform the five daily prayers, providing assistance and support to orphans as a form of social and environmental concern as well as responsibility.

**Limitations:** The author's suggestion is that Lopo Mandheling Coffee Panyabungan is expected to remain steadfast in applying the principles of Islamic business ethics, improve the quantity and quality of Human Resource management, and enhance the company's capital by seeking investors.

**Contribution:** Islamic-based business ethics must be applied to today's highly competitive business environments.

**Keywords:** *Islamic Business Ethics; Application; Lopo Mandheling Coffee Panyabungan.*

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## 1. Introduction

The café business in Mandailing Natal is currently thriving, one of the most well-known being Lopo Mandheling Coffee. This café already has 7 branches in North Sumatra, located in areas such as Panyabungan, Padang Sidempuan, Sibolga, and even Medan. The increasing trend of "ngopi" (coffee drinking) in Indonesia can be seen from the growing number of coffee shops. The high interest in coffee consumption presents a significant opportunity for local entrepreneurs to provide coffee at more affordable prices. (Amalia & Ningsih, 2021).

The modern lifestyle encourages coffee drinking to be associated with social life. The activity of drinking coffee has now become a platform to showcase financial status among Generation Z and millennials. The level of coffee consumption in Indonesia continues to increase year by year. (Saraswati et al., 2023). Coffee enthusiasts across Indonesia come from various age groups, including teenagers, adults, and even the elderly. This makes coffee a beverage that is enjoyed daily by the Indonesian people. (Sophya Suciati et al., 2020). Observations in the field show that there are several communities that consistently gather at coffee shops, and these communities are always growing. That lifestyle community has given rise to a new subculture, namely the coffee shop community, similar to musician communities, student organization communities, and football club enthusiast communities. (M. Syamsul Hidayat et al., 2020).

The abundance of coffee shop businesses certainly allows consumers to freely choose which coffee shop to visit. This will intensify competition and enable coffee entrepreneurs to vie for their market share. (Imsar et al., 2021). When entering a highly competitive market, businesses take into account the number of competitors. To reach the target market and achieve consistent growth in sales volume and profitability, the right marketing strategies and media are employed. (Laila Fitria et al., 2024). The proliferation of famous coffee shops allows those living in big cities to enjoy coffee at malls or shopping centers like Starbucks, Excelso, Coffee Luwak, J'Co Donuts and Coffee, and many others. (Hafezd As'ad & Murti Mulyo Aji, 2020).

Drinking coffee in today's era seems to be not just a part of productive community activities, but there are also some people who consider it essential to drink coffee every day. This is certainly closely related to the benefits felt after drinking coffee. The immediate benefits of drinking coffee include a refreshing effect, increased motivation to work, and the elimination of drowsiness. (Wachdijono et al., 2019). Indonesia is one of the main coffee-producing countries in the world market alongside Brazil, Vietnam, and Colombia. The coffee bean production capacity in 2017 reached 0.67 million tons with a value of over 12 trillion rupiah. (Wiguna et al., 2019).

There are various types of coffee that can be cultivated and are available in the market, but generally, the most widely spread and cultivated in Indonesia are arabica and robusta coffee. (Prabasiwi & Kusmiati, 2019). Sumatera utara merupakan penghasil kopi arabika terbesar di Indonesia. Dari semua daerah sentral penghasil kopi arabika, Sumatera Utara memiliki *share* paling besar yaitu sebesar 29% (Harianto & Suharno, 2019). Peningkatan nilai ekspor kopi nasional dari Provinsi Pulau Sumatera sampai mencapai 80,87% pada tahun 2022 (Ginting et al., 2024).

Humans, as social beings, are inseparable from relationships that allow for interaction because they have the obligation to be stewards of the world in creating welfare. One way to achieve that benefit is through business activities. Business ethics in Islam demand good behavior, as there is currently a widespread moral decay occurring in companies. (Hardiati, 2021). Every transaction and business action undertaken by Muslims is usually associated with the legitimacy of verses from the Quran or the Hadith of the Prophet Muhammad (peace be upon him). (Itmam, 2019). Simply put, business occurs due to the interdependence between one another as an effort to enhance and maintain standards in living. (Rozi et al., 2023). On the other hand, ethics serves as a guideline for individuals to determine which types of behavior are categorized as good (socially accepted) and which are categorized as bad (socially unacceptable) to be carried out. (Yasa & Prayudi, 2019).

Studying ethics, in the researcher's opinion, is one way to anticipate the damage caused by humans. By understanding ethics, one can determine right from wrong or good from bad when evaluating their behavior. With that awareness, a person will always carry out all their activities with sincerity and full responsibility, not only towards fellow human beings but also towards God, themselves, and the universe. In the end, this understanding will culminate in the awakening of awareness of a servant's submission and obedience to divine power. (Briando et al., 2020).

Islam provides comprehensive guidelines for its followers in living life, including instructions on how to conduct a business without straying from ethics, as in Islam, ethics and business are an inseparable unity. (Harni harni & Mustakim, 2023). The background of religion and beliefs can influence human ethics and ethical understanding. Individuals express their religious thoughts and beliefs in understanding and practicing ethics in daily life as well as in business or work. (Rahayu Wulan Sari et al., 2021).

Essentially, Islamic philosophy teaches ethics in business and gives rise to other important concepts in business. This is particularly reflected in the attitudes or behaviors of Islamic business itself, which employs the concept of monotheism. (Syarifuddin & Saputra, 2020). A business based on Islamic principles will lead Muslim entrepreneurs to prosperity in this world and the hereafter by consistently adhering to ethical business conduct standards, namely: piety, goodness, friendliness, and trustworthiness. (Alfisyahri et al., 2023). The application of business ethics is the obligation of market

participants and is governed by the principles of business ethics to remain in accordance with the teachings of Islam. (Alam et al., 2022).

To establish a business or engage in entrepreneurship, capital is needed to carry out business activities. (Ritonga et al., 2022). The development of global trade is so rapid that it sometimes leads to conflicts of interest among business actors. This can happen because businesspeople are very eager to gain as much profit as possible through any means, often overlooking ethical issues such as honesty, humanity, and justice. (Darussalam, 2020).

The purpose of ethics is to create a harmonious, balanced, and mutually beneficial relationship. Business activities are influenced by various perspectives from the business actors. For that reason, businesses must adapt to their environment. Therefore, business objectives must take into account the interests, phenomena, and culture that prevail in society. (Klaudia et al., 2022). However, in reality, not all companies are able to consistently implement business ethics in their activities. There are several factors that make it difficult for companies to apply business ethics consistently, such as pressure from business competition, prioritizing profit over moral values, and a lack of awareness regarding the importance of business ethics. (Rustandi & LAH, 2023).

Initially, business ethics emerged when business activities were not free from ethical scrutiny. Deceiving in business, reducing weights or measures, are concrete examples of the relationship between ethics and business. From these phenomena, business ethics has received intense attention, becoming a distinct field of scientific study. (Latifah, 2019).

Several studies related to the application of Islamic business ethics by SMEs have been conducted by Juliana, Faathir & Sulthan (2017), Mannan & Ratih (2021), and Suminto. (2020). However, those studies only analyze MSME businesses in applying Islamic business ethics in general. Meanwhile, the study conducted by the researcher this time focuses more on the implementation of business ethics during specific conditions, namely the occurrence of practices that do not align with Islamic business ethics principles, specifically the principle of monotheism and the principle of free will. (Solikhah, 2023).

In the principle of monotheism, Islam applies religion, economy, and social aspects that are unified to form a whole. As explained in Surah Al Jum'ah, verse ten, regarding Muslim entrepreneurs, when the time for Friday prayers arrives, it is advisable to temporarily close the shop or halt buying and selling transactions. However, what happened on the ground is that Lopo Mandheling Coffee has not yet implemented that. The café is still open on Fridays, but it alternates with female employees when male employees go for Friday prayers. Free will is a very important part of the values of Islamic business ethics, but that freedom should not harm collective interests. The human tendency to continuously fulfill their unlimited personal needs is regulated by each individual's obligations to society through zakat, infaq, and charity. Islam emphasizes that human business activities are intended not only as a means to satisfy desires (al-syahwat), but more as an effort to seek a balance between worldly life and the hereafter, accompanied by positive behaviors that do not cause harm. (Solikhah, 2023).

The principle of free will in Islamic business ethics has not been implemented well at Lopo Mandheling Coffee. For example, they have not implemented zakat perfectly, but in terms of charity, the café organizes a monthly event to provide assistance to orphans in the surrounding area. As we know, zakat is one of the financial obligations of Muslims. Zakat in the Qur'an and Hadith is sometimes referred to as obligatory charity, as stated by Allah SWT in Surah At-Tawbah, verse 103. It means, "Take zakat from their wealth; with it, you can purify and sanctify them and pray for them." Indeed, your prayers bring peace to their souls, and Allah is All-Hearing and All-Knowing. Meanwhile, those who deny the obligation of zakat will be sinful and categorized as committing wrongdoing against fellow humans, and they will be punished as infidels (as indicated in the Qur'an, Surah At-Taubah, verse 11). Those who do not fulfill zakat are not considered our fellow believers; thus, it means they have become infidels. (Ismailina & Kherlina, 2023).

As a business actor who is Muslim, it is necessary to apply the principles of Islamic business. Therefore, based on the description above, the author is interested in conducting research titled "Analysis of the Application of Islamic Business Ethics (Case Study of Lopo Mandheling Coffee Panyabungan Mandailing Natal)" to find out whether Lopo Mandheling Coffee has implemented the principles of Islamic business.

## **2. Literature Review**

### **2.1 Business Ethics**

Business ethics is an action in business that considers and utilizes aspects of norms, morality, and religion. Taking this definition into account, there are several key terms that are important, namely business, norms, morality, and religion. The business referred to is engaging in entrepreneurial activities, whether carried out individually or in the form of a business or company. (Hermawan & Ravita Hanum, 2020). The ethics of a business plays a very important role in shaping a strong company with high competitiveness and the ability to create significant value, where a solid foundation is necessary to achieve all of this.

And it usually starts with strategic planning, good organization, transparent procedural systems supported by a strong corporate culture, as well as corporate ethics that are implemented consistently and coherently. (Qodariah & Wibowo, 2023). According to Ancient Greek, ethics comes from the word *ethikos*, which means "arising from habit." Ethics is a main branch of philosophy that studies the values or qualities that serve as the basis for moral standards and judgments. Ethics encompasses the analysis and application of concepts such as right, wrong, good, bad, and responsibility. (Masykuroh, 2020).

### **2.2 Islamic Business Ethics Theory**

This ethics is not only in everyday interactions. Ethics are necessary to shape and build attitudes in any aspect, including Islamic business ethics. Moreover, Islam is a religion that upholds the values of norms, courtesy, and respect for one another. In Islam, business is also governed by Islamic business ethics. Considering that Islam is not just a religion followed by people, but it can also serve as a guideline for the lives of those who adhere to it. Included in Islamic business ethics, every aspect is regulated according to the applicable Islamic law. (Iqbal et al., 2023).

A number of basic axioms (things that have become common and clearly true) have been formulated and developed by Muslim scholars. These axioms are derived from the contemporary translation of fundamental concepts of Islamic moral values. Thus, the ethical aspects in this language have been inserted and internalized in the development of the business ethics system. The formulation of this axiom is expected to serve as a reference for the moral awareness of Muslim entrepreneurs in determining the principles they adhere to in conducting their business. If we talk about Islamic business ethics, then the five axioms become the main standards in running a business. Therefore, if any one of those variable elements is missing, the business being conducted will be flawed. In other words, we can conclude that to achieve success in business, the principles of monotheism, balance, free will, responsibility, and virtue are the key words in attaining business success. (Malahayatie, 2022).

### **2.3 The Principles of Business Ethics in Islam**

Syed Nawab Haidar Naqvi presented four ethical principles in Islam, which of course serve as the foundation for a Muslim's business activities. The four principles referred to are unity (*tauhid*), equilibrium, free will, and accountability. (responsibility) (Nurmadiansyah, 2021). Here is the explanation:

#### **1) Tauhid (Unity)**

With this principle of monotheism, Islam offers the integration of religion, economy, and society in order to form unity. Based on this perspective, ethics and economics, or ethics and business, become integrated, both vertically and horizontally, forming a very important equation within the homogeneous Islamic system that does not recognize confusion and disconnection. Based on this principle, Muslim entrepreneurs in conducting their activities and business entities will not engage in at least three things. First, discrimination among workers, sellers, and buyers based on considerations of race, skin color, gender, or religion. Secondly, being forced or compelled to engage

in unethical business practices because only Allah should be feared and loved. As a result, this attitude will be reflected in all aspects of life in various dimensions. Thirdly, hoarding wealth or being greedy is fundamentally wrong because wealth is, in essence, a trust from God.

2) Equilibrium

If unity is the vertical dimension of Islam, then balance (al-'Adl) is the horizontal dimension of Islam. In absolute terms, balance is the highest attribute of God. Next, at the relative level, the nature of balance must also characterize all of His creations, which should reflect His attributes. The principle of balance will nurture the universe in a harmonious life and produce a good social order. The principles of balance and justice in business are clearly emphasized in the context of classical business treasury, so that Muslim entrepreneurs perfect their measurements when weighing and measuring with accurate scales, as this represents the best behavior and leads to the best outcomes as well. This principle of balance can be found in various aspects of life. For example, the balance between worldly and spiritual needs, economics, work, rights and obligations, individual and social interests, and so on.

3) Free Will

Humans, both as beings (servants) and as stewards on Earth (within certain limits), possess free will to direct their lives towards the goal of achieving personal sanctity. Humans are granted free will to guide their lives as stewards. Based on this axiom of free will in business, individuals have the freedom to make agreements, including the choice to fulfill or breach them. A Muslim who believes in God's will will honor all the promises they make. It is a collective part of society and acknowledges that God encompasses both individual and social life.

4) Responsibility

The principle of responsibility is a logical consequence of the principle of free will. Freedom must be balanced with responsibility. If the provisions of natural balance are met, once humans have made their choice between good and evil, they must face the logical consequences: "Each individual is responsible for what they have done." Once God shows the way, the responsibility for any deviation lies entirely in human hands, and they bear the consequences of their disobedience.

#### ***2.4 Descendants of Character in Islamic Business Ethics***

The characteristics of descendants in Islamic Business Ethics that should be inherent in every sharia entrepreneur include: (Jazil & Hendrasto, 2021):

- 1) Itqon
- 2) Struggle
- 3) Motivated
- 4) Innovative
- 5) Critical Thinking
- 6) Adaptive
- 7) Communicative
- 8) Commitment
- 9) Disciplined

### **3. Research Methodology**

This research uses a qualitative approach, with the researcher starting the study in May 2024. This research was conducted at Lopo Mandheling Coffee located in Panyabungan, Mandailing Natal, and the researcher will focus on the Method of Analysis of the Application of Islamic Business Ethics at Lopo Mandheling Coffee. This research is of a descriptive qualitative nature. The informants are the parties involved in Lopo Mandheling Coffee, namely the café manager, employees, and three customers of Lopo Mandheling Coffee. Thus, there are 5 sources who were interviewed regarding this research. The selection was based on the authority held by the informants and their direct involvement in the research process. In examining the validity of the data obtained in the field, the researcher employs triangulation techniques to verify the authenticity of the collected data. In this study, the triangulation technique used is method triangulation, which involves checking the degree of trustworthiness of the research findings from several data collection techniques. The triangulation of methods in this study was conducted using interviews, observations, and documentation. The data analysis in this study is not presented in numerical form but rather in the form of a report and descriptive explanation regarding the

Application of Islamic Business Ethics at Lopo Mandheling Coffee Panyabungan Mandailing Natal. Data comes from all the information obtained from interviews and documents through several stages. (Hikmawati, 2020)

#### 4. Results And Discussion

Researchers conducted a study at Lopo Mandheling Coffee in Panyabungan. Lopo Mandheling Coffee is managed by two Muslim founders who implement the concept of social entrepreneurship. Lopo Mandheling Coffee has seven branches in North Sumatra, including four branches in Panyabungan, located in Aek Lapan, Aek Galoga, the area around the Agung Nur Ala Nur Mosque, and Pasar Lama, one branch in Sibolga, one branch in Padang Sidempuan, and one branch in the Medan area. Lopo Mandheling Coffee has a vision to become the best Mandailing coffee producer in the world. The Practice of the Principle of Tawhid (Unity) at Lopo Mandheling Coffee Panyabungan. Based on the interview results with one of the founders and one of the employees of Lopo Mandheling Coffee, the café allows its employees to perform their mandatory religious duties. This is in line with the interview responses from one of the founders of Lopo Mandheling Coffee, Riza M. Batubara, as follows: "Each branch definitely has a prayer room as a place for worship, and employees are also allowed to take breaks for prayer and meals in rotation." (Interview with Riza M. Batubara, one of the founders of Lopo Mandheling Coffee, May 20, 2024) This was also expressed by one of the employees of Lopo Mandheling Coffee in his interview, Rizal Fahmi. He stated: "The café has provided a place for worship, namely the prayer room. Employees take turns to pray." "On Friday, the shop will remain open and will be served by female employees." (wawancara dengan Rizal Fahmi, salah satu karyawan Lopo Mandheling Coffee. 16 Mei 2024). The principle of unity in the Islamic perspective, as established in Surah Al Jumuah, verse 10, which states:

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِنْ فَضْلِ اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَعَلَّكُمْ تُفْلِحُونَ

The meaning is: "When the prayer is finished, then disperse throughout the earth and seek the bounty of Allah" (QS. Al Jumuah 10).

It can be concluded that as a Muslim trader or entrepreneur, when the time for Friday prayer arrives, it is advisable to temporarily close or halt buying and selling transactions. This is because Allah SWT prohibits Muslim traders from engaging in trade during the time of Friday prayer. Buying and selling transactions or business activities can be resumed after the Friday prayer has been performed or completed. Riza M. Batubara said in an interview: "On Friday the café remains open, but on Friday the female employee takes care while the male employee prays on Friday." (interview with Riza M. Batubara, one of the founders of Lopo Mandheling Coffee. May 20, 2024). Therefore, it can be concluded that regarding the principle of monotheism in this case, Lopo Mandheling Coffee has not applied the principle of monotheism in temporarily closing the store as per the existing theory and the verse above.

The practice of the Principle of Equilibrium at Lopo Mandheling Coffee. Based on the interview results, Lopo Mandheling Coffee has implemented the principle of equilibrium. This can be proven in the process of making coffee or other beverages; the staff at Lopo Mandheling Coffee never reduce or cheat on the measurements unless the customer requests a reduction. Lopo Mandheling Coffee has established recipe standards for every product and variant sold. All measurements have been specified by Lopo Mandheling Coffee. Lopo Mandheling Coffee has also trained the baristas not to break the standard. Similarly, when promoting a new product, Lopo Mandheling Coffee never forces customers to buy it. Rizal Fahmi stated that Lopo Mandheling Coffee never reduces the portion unless requested by the customer, and that customers who order first will be prioritized in service. This is in accordance with the verse in Surah Ar-Rahman about the principle of balance in the Islamic perspective, which states:

وَأَقِيمُوا الْوَزْنَ بِالْقِسْطِ وَلَا تُخْسِرُوا الْمِيزَانَ

The meaning is: "Establish the balance with justice and do not diminish the measure" (Q.S Ar Rahman 9).

In determining the price for each product, Lopo Mandheling Coffee employs pricing strategies that are well-established in business management. The café keeps daily records and bookkeeping, as well as inventory tracking. To see the cafe's progress month by month. In conducting its business activities, Lopo Mandheling Coffee never forces customers to buy their products. For instance, when Lopo Mandheling Coffee launches its latest product, all employees promote it during transactions without pressuring buyers to make a purchase. This was expressed by Rizal Fahmi, one of the employees at Lopo Mandheling Coffee, who stated that the company has never compelled customers to buy their products throughout its business operations. When there is a new product, they simply offer or promote that there is a new product available. This was also expressed by one of the customers of Lopo Mandheling Coffee in an interview with Putri Azizah. He said: "The balance provided, in my opinion, is in accordance with Islamic law, as can be seen in the service offered, which does not differentiate between customers, and can also be observed in the way menu orders are taken. From my observation, this café is quite fair; the first customer to order will be served first, so visitors do not have to wait long when placing an order." (interview with Putri Azizah, one of the customers of Lopo Mandheling Coffee, May 22, 2024) This response was also echoed by another source, Riza M. Batubara, who stated that Lopo Mandheling Coffee never forces customers to buy their products, and they prioritize customers who order first to minimize waiting time. So in this context, Lopo Mandheling Coffee has applied the principle of balance by not forcing customers to buy products from Lopo Mandheling Coffee. The Practice of the Principle of Free Will in Lopo Mandheling Coffee. Contemporary coffee has become a trend in the business world, leading to increased competition. Riza M. Batubara, as the founder of Lopo Mandheling Coffee, is aware of this. He revealed the strategy of Lopo Mandheling Coffee in facing competition by establishing a distinct value that makes the Lopo Mandheling Coffee brand purer than others. After that, by setting realistic targets, Lopo Mandheling Coffee does not expect everyone in Panyabungan to buy Lopo Mandheling Coffee products. Therefore, Lopo Mandheling Coffee conducts market segmentation by focusing on the desired market with the strategies they established at the beginning. According to him, we must indeed be idealistic, but we also need to be realistic. It is like expecting the entire population of Panyabungan to buy coffee at Lopo Mandheling Coffee; that is an unrealistic goal to aim for. He also mentioned that he and his friends, in building a business, desire a venture that will endure, even though current coffee trends may rise and fall or eventually lose popularity among the public. Not just following trends but wanting their business to keep standing. In accordance with the verse from the Quran in Surah Al-Kahf, verse 29, which states:

وَقُلِ الْحَقُّ مِنْ رَبِّكَ فَمَنْ شَاءَ فَلْيُؤْمِنْ وَمَنْ شَاءَ فَلْيُكْفُرْ

The meaning is: "And say (O Muhammad), 'The truth is from your Lord.' So whoever wills, let him believe; and whoever wills, let him disbelieve.'" (QS. Al Kahfi 29).

Trendy coffee is indeed becoming a trend. When trendy products or coffee are no longer in demand, it does not mean that Lopo Mandheling Coffee will stop their business. From the beginning, the founders of Lopo Mandheling Coffee built the company with a strategy that ensures their business can endure for a long time. By strengthening the partner network, establish collaborations with individuals, sponsors, other café companies, various organizations, and promote on social media. The most important thing is also to carry out innovation. In practice, Lopo Mandheling Coffee has a way of acquiring and selecting business partners and building trust with one another. The challenge in building a business is finding the right fit with colleagues. Riza M. Batubara stated that to connect or click with colleagues, it is essential to frequently engage in discussions or brainstorming sessions. Riza M. Batubara mentioned that he and his colleagues have discussions every day. According to Riza M. Batubara, building trust is achieved through commitment. When we have decided to collaborate with colleagues, we must work well together and build a commitment based on the principle of togetherness. In terms of customer service, the café also provides freedom in accordance with Islamic business ethics, as stated by Annisa Rahmadhani Hasibuan in an interview, as follows: "The café has given visitors the freedom to ask questions about the ordered menu, request menu recommendations, and visitors can also freely chat as long as they do not disturb other guests. Additionally, visitors are also given the freedom to take photos around the café area." (interview with Annisa Rahmadhani Hasibuan, one of the customers of Lopo Mandheling Coffee, May 23, 2024)

Besides the response from Annisa Rahmadhani Hasibuan, this statement was also expressed by one of the employees of Lopo Mandheling Coffee, Rizal Fahmi. Therefore, it can be concluded that regarding the principle of free will, Lopo Mandheling Coffee has implemented free will in accordance with Islamic business ethics. The Practice of Responsibility Principles at Lopo Mandheling Coffee. In business practice, one form of the principle of responsibility is to ensure that the materials used are halal. This was expressed by both sources or both informants. The materials and processes used by Lopo Mandheling Coffee in making their beverages or products ensure 100% halal. Riza M. Batubara stated that halal is one of the main requirements in building a business. For the halal certificate from MUI, Lopo Mandheling Coffee has already received the halal label from MUI. This was also stated by Rizal Fahmi, one of the employees of Lopo Mandheling Coffee, who mentioned that Lopo Mandheling Coffee uses halal ingredients and that the methods used in producing the products are also halal. Another form of responsibility from Islamic business ethics is providing assistance to orphans in the surrounding area of the café. Based on the results of the interviews with both informants, if there is an employee who violates the established SOP, the action taken will depend on the severity of the violation. If the violation is minor or light, they will only receive a warning or reprimand. However, if it is repeated up to three times, a stern warning will be given. If it is repeated again, a formal warning will be issued. (surat peringatan). So, when compared to the theory of the principle of responsibility, Lopo Mandheling Coffee in this context has implemented or applied the principle of responsibility. Customer complaints are an important aspect of business management. This is because complaints can serve as a control system for business owners. The frequency of complaints received prompts Lopo Mandheling Coffee to respond as effectively and firmly as possible to address and accommodate all customer grievances. One form of customer complaint received is that a customer ordered Lopo Mandheling Coffee, for example, and the risoles were stale. If that is true, the café will replace it with another risoles. However, if the complaint is about the coffee having a different taste, the waitstaff or barista will provide an explanation. In essence, if the mistake is on the part of the café, then the café will compensate for it. As expressed by one of the customers of Lopo Mandheling Coffee in Ardiansyah's interview. He said:

"I believe the café's accountability is good, because if there is a mistake with a customer's order, the café quickly takes action to replace the ordered menu." "If an order is still in process for a long time, Lopo should promptly confirm with us and ask for time. If we complain about something, Lopo responds positively." (Interview with Ardiansyah, one of the customers of Lopo Mandheling Coffee, May 25, 2024). In this case, Lopo Mandheling Coffee has implemented the principle of responsibility in accordance with the verse from Al Mudassir which states:

كُلُّ نَفْسٍ بِمَا كَسَبَتْ رَهِينَةٌ

The meaning is: "Every person is responsible for what they have done" (Q.S Al Muddassir 38). This response was also conveyed by Rizal Fahmi, one of the employees of Lopo Mandheling Coffee, who expressed that Lopo Mandheling Coffee often receives complaints. Whenever there is a complaint or grievance from consumers, Lopo Mandheling Coffee will do their utmost or strive as best as possible to address each complaint.

#### **4.1 Discussion**

The application of the concept of monotheism in implementing competitive strategies from the perspective of Islamic business ethics will at least involve three actions: first, avoiding discrimination against workers, buyers, sellers, other partners, or anyone based on considerations of race, skin color, gender, or religion. Second, being compelled or forced to obey Allah SWT. Third, avoiding unethical behavior and encouraging each individual to act with trustworthiness, as the wealth possessed is a trust from Allah SWT. (Anita, 2022).

The reflection of the concept of monotheism that aligns all aspects of a Muslim's life in the fields of economics, politics, and social life creates a uniform wholeness. In the principle of monotheism, Islam integrates religion, economy, and society to form a unity. As explained in Surah Al Jum'ah, verse ten, regarding Muslim entrepreneurs, when the time for Friday prayers arrives, it is advisable to temporarily



close the shop or halt buying and selling transactions. In this context, Lopo Mandheling Coffee has not implemented it. According to the interviews, both sources provided the same answer: Lopo Mandheling Coffee does not close the shop and continues to conduct buying and selling transactions. During Friday prayers, Lopo Mandheling Coffee replaces female employees to keep watch. However, for the five daily prayers, Lopo Mandheling Coffee employees take turns fulfilling their obligations as Muslims. One of the reflections of justice is perfecting the scales and measures. In trade, accurate and precise weighing must be prioritized, which means ensuring proper measurement. Measuring and weighing correctly without reducing or cheating the scale. (Irawan, 2023). In this case, based on the results of the interviews with both sources, the data obtained by the author is valid because the answers from both sources are the same. Lopo Mandheling Coffee has a standard recipe for each product variant that is sold and provided. This way, Lopo Mandheling Coffee can ensure that every product and variant meets an equivalent standard. Even the barista at Lopo Mandheling Coffee has previously received training for the production of Lopo Mandheling Coffee. Lopo Mandheling Coffee will not reduce the portion unless the customer requests it. The behavior of justice is very important to apply in economic activities, such as fairness in determining prices, the quality of goods, treatment of employees, and fairness in considering the impacts of established economic policies. (Puspita & Zakiy, 2020). Based on the interview with Riza M. Batubara, he stated that in determining the price of Lopo Mandheling Coffee, he uses business management knowledge. In addition, according to the principle of balance, business actors should not force customers to buy products. Based on the interview results, the data obtained by the author is valid because the answers from both sources are the same. Lopo Mandheling Coffee only offers the new products they have, and if customers are not interested, Lopo Mandheling Coffee will not force them to buy their products. Human free will allows individuals to do anything they desire as long as it does not violate religious law; in business, people are also free to make choices. The freedom possessed by each individual is recognized within the framework of Islamic business ethics, as long as it does not conflict with the greater social interests or as long as the individual does not infringe upon the rights of others. (Harni harni & Mustakim, 2023).

In this regard, according to Riza M. Batubara, in responding to competition, Lopo Mandheling Coffee has its own strategy by establishing values that differentiate the Lopo Mandheling Coffee brand as purer than others. Then, by setting realistic targets, Lopo Mandheling Coffee does not expect everyone in Mandailing Natal to buy their products. Therefore, Lopo Mandheling Coffee segments their market to focus on the segments that align with their desired objectives. The principle of free will in Islamic business ethics has not been well implemented at Lopo Mandheling Coffee. For example, they have not implemented zakat perfectly, but in terms of charity, the café organizes a monthly event to provide assistance to orphans in the surrounding area. As we know, zakat is one of the obligations of wealth for Muslims. Zakat in the Qur'an and Hadith is sometimes referred to as obligatory charity, as stated by Allah SWT in Surah At-Tawbah, verse 103. The meaning is "Take zakat from their wealth; with it, you can purify and sanctify them and pray for them. Indeed, your prayer is a source of tranquility for them, and Allah is All-Hearing, All-Knowing." The axiom of freedom in the principles of business ethics here is that the concept of freedom in Islam leans more towards cooperation, rather than competition, especially to the point of undermining each other's businesses. If there is competition in business, it means competition in doing good or *fastabiq al akhira* (racing towards goodness) and fulfilling contracts, whether it be business partnership contracts or employment contracts with workers. (Anita, 2022).

In this regard, Lopo Mandheling Coffee has a way of acquiring and selecting business partners and fostering mutual trust through commitment. Thus, in this context, Lopo Mandheling Coffee has implemented the principle of free will by honoring agreements or contracts with both business partners and employees. The awareness of specific ethical responsibilities in a business is not bound by legal and environmental obligations; both owners and employees share the same responsibility in achieving the company's goals. Together, they work wholeheartedly for the satisfaction of their customers and society at large, and as a result of all this, they are able to increase profits, which is part of the company's objectives. (Rahayu Wulan Sari et al., 2021).

In business practice, one form of the principle of responsibility is ensuring that the materials used are halal. Based on the responses from both sources, the author can conclude that Lopo Mandheling Coffee has fulfilled its responsibility regarding the materials and processes used to produce 100% halal products. The halal certificate from MUI has been received by Lopo Mandheling Coffee. Halal is a primary requirement for Lopo Mandheling Coffee in conducting their business. As a Muslim entrepreneur, it is recommended to set aside a portion of the income or earnings received. In this practice, the author received the same answer from both sources. Riza M. Batubara stated that Lopo Mandheling Coffee provides assistance to orphans in the surrounding area of the café. Rizal Fahmi, one of the employees at Lopo Mandheling Coffee, echoed the same sentiment. It can be concluded that the data obtained by the author is valid. Addressing customer complaints or grievances is one form of the principle of responsibility that business operators have in running their businesses. In business, accountability is carried out from a vertical perspective (to God) and a horizontal perspective, which is society. In the horizontal context, that is society or customers, to fulfill justice, truth, and also free will, there is a need for accountability in actions. Based on the interview results with both sources, the author obtained valid data because the answers from both sources were the same. That is, as best as possible and as wisely as possible, Lopo Mandheling Coffee responds to customer complaints and criticisms, as these complaints and criticisms serve as a control system for the founder of Lopo Mandheling Coffee.

## 5. Conclusion

Based on the research findings, it can be concluded that the Lopo Mandheling Coffee shop only applies two principles of Islamic business ethics, which are the principle of balance and the principle of responsibility. For the principle of monotheism, the Lopo Mandheling Coffee shop does not align with the theory and the verse of Al-Jumuah verse ten, as it does not close the shop temporarily or halt buying and selling activities during the time of Friday prayers. And the principle of free will has not been fully implemented in terms of giving zakat, but it has already provided assistance to orphans in the vicinity of the café. The suggestion that can be given by the author for Lopo Mandheling Coffee is to align with the principles of Islamic business ethics as outlined in established theories, verses, and hadiths. Offering discounts to customers can add value to consumer satisfaction; discounts not only provide satisfaction for consumers but also benefits for businesses, such as attracting new customers, clearing out old stock, and boosting sales that are experiencing a decline. It is hoped that future researchers will continue this study and gather information regarding Islamic business ethics and the principles of Islamic business ethics applied by Lopo Mandheling Coffee. Since this research is a preliminary study, it only provides an overview of the phenomenon that this research aims to address. Due to the limitations of the conditions that hindered field observation.

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