



Research Paper

# The Importance Of Business Ethics In The Implementation Of MSMEs Digitalization (Case Study: MAKASSAR CITY)

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**ABSTRACT:** The development of information and communication technology from time to time, until now has provided many benefits and great contributions for its users. There are several economic activities that require information and communication technology, in this case the marketing of MSME products via the internet (digitalization). The purpose of this study is to find out how far the application of business ethics is in marketing MSME products via the internet (digitalization), especially in Makassar City. The type of this research is qualitative research using descriptive methods in processing the data. Then, data sources were obtained from interviews with MSME actors in Makassar City and also from books, journals and theses related to the title of this research. As a result, it was found that the majority of MSME actors in Makassar City had applied the concept of business ethics in product marketing through digitalization. In addition, it can also be seen that the application of business ethics in product digitization can provide a number of benefits, such as in terms of improving product image, maintaining consumer confidence and product responsibility, as well as being a reference and standard of behavior for business continuity in the future.

**KEYWORDS:** business ethics, digitalization

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## I. INTRODUCTION

The many types of products available, the growth of technology in the business world in Indonesia has increased competitiveness. The wide range of products available takes great care in filling a void in the business. Promotion is the most effective approach to win a competition. Sales promotion, public exposure, personal selling and advertising are just a few examples of techniques for promoting your business. Because they are low-cost and have strong persuasive power, promotional media are very effective. Because interactive media gives consumers full control over the content they accept or reject, promotional media in the era of globalization are changing significantly to superior interactive media. Digitalization is one way to promote interactive media.

Comlabs (2011), Digitalization (electronic commerce) is defined as "any activity or transaction involving buying and selling of goods or services via the internet." Buying and selling activities are identical to traditional buying and selling activities, except that bidding, product delivery, and payment are all handled electronically (online via the Internet). There are more and more cell phone applications that can be used to access the internet following business competition by using digitization. Anyone, anytime, and anywhere can now access the internet through various electronic means.

CMC technology develops not only through the use of computer media, but also through the use of smartphones, which are mobile phones with various functions. With CMC technology, this smartphone can be regarded as a pioneer of mobile internet. Marketers have been pushing Instagram as the top goal that can be achieved via smartphones these days. This is done to tap into more underserved markets. More than half of Indonesian business professionals use mobile phones for work (Wijaya, 2012).

As part of a CMC-based marketing system, business ethics are also needed to ensure the use of interactive media via smartphones is safe and does not disturb customers. Instagram is a modern CMC technology developed in 2010 and purchased by Facebook in 2012. Instagram is a software

image and video sharing which allows users to take pictures, record videos, apply digital filters, and publish their creations on various social media platforms, including Instagram itself. Instagram is a popular photo-sharing social media platform. We can follow other Instagram users, just like we can do on Twitter and other social media platforms.

Instagram users are encouraged to follow Micro Small Enterprises to become their Followers as a result of this offer. Followers will be able to see product specifications and pictures from Micro, Small and Medium Enterprises. These customers can view their items through photos. Of course business ethics which is a study of morals that shows right and wrong must be considered in advancing Micro, Small and Medium Enterprises. More than 60 percent of people admit to using Instagram to find new products.

However, some customers are dissatisfied when the items they receive look different from what they already have. This shows that the promotions used still violate company ethics, which can have a detrimental effect on customers on the products being marketed, whether intentional or unintentional. A promotion must comply with corporate ethics to avoid and overcome consumer violations. Promotions must be honest and table accounts, which is one way to fulfill business ethics in Micro, Small and Medium Enterprises. Micro, Small and Medium Enterprises can do this by explaining product details to customers in their advertisements, such as product ingredients or sizes. The presence of business ethics for Micro, Small and Medium Enterprises on Instagram will give consumers confidence in the goods offered, as long as they are in accordance with reality. Customers will not be deceived because the information provided is in accordance with the actual product. In simple terms, business ethics refers to the way of conducting commercial activities that covers all aspects of individuals, business, industry and society. Because we often encounter gray areas in business activities that are not regulated by law, business ethics is broader than the provisions regulated by law, even higher than the minimum standards of law. A solid foundation is needed to build a company that is strong, competitive and able to create significant value. Currently, Micro, Small and Medium Enterprises (MSMEs), such as food stalls and household goods stalls, use Instagram to promote their businesses.

However, not all of these businesses practice business ethics because without our understanding, social values are often ignored at the small business level. Another company has closed

their door. As a result, business ethics is very important as it is the driving factor behind small business growth. Due to the large number of Instagram users, it is now easier for Micro, Small and Medium Enterprises (MSMEs) to find consumers through their Instagram company profile. Both Micro, Small and Medium Enterprises use Instagram to market their products.

Micro, Small and Medium Enterprises (MSMEs) on Instagram have many followers. Micro, Small and Medium Enterprises will invite the public to follow them on Instagram by following consumers. This situation presents a business opportunity to take advantage of the media. MSMEs, or micro, small and medium enterprises, usually take advantage of this situation to expand their marketing network. Given the increasingly critical nature of customers when making purchases, many business people are starting to pay attention to the application of business ethics to improve their image. We conducted research on the importance of business ethics in implementing digitalization of MSMEs, especially on Instagram, Facebook and Shopee, based on the introduction above, which is very interesting, especially considering that Instagram and Facebook Shopee are marketing media that will continue to grow. growing both in terms of users and in terms of technology. Consumers will avoid losses in internet transactions if business ethics are applied on social media.

## **II. RESEARCH METHODS**

In this research method we use a qualitative method approach where this method is a data collection procedure that produces descriptive data in the form of written words from certain phenomena and behaviors. A research approach, which is directed at the background and individuals in a natural and holistic (whole) manner so as not to isolate individuals or organizations into a variable/hypothesis (David et al, 2016: 8) Sources of data in this study used primary data, namely data obtained directly from the results of interviews with SMEs in Makassar. Meanwhile, secondary data was obtained from reading books, journals and theses related to research titles (Nurfajri et al, 2021: 116).

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### III. RESULTS AND DISCUSSION

The purpose of this study was to find out the progress of the importance of business ethics in implementing digitalization of SMEs (case study: Makassar city). The results of the research were in the form of statements made to respondents during interviews. Before conducting the interviews, we have prepared an interview guide/interview guide whose purpose is to help direct the conversation to the research topic. Following are the interview guidelines for each respondent:

1	food business	2	M
2	clothing business	2	P
	Jumlah	4	

This statement is field evidence that the respondent feels is related to the research theme, to maintain the secrecy of the respondent's identity the researcher gave the respondent's name, namely M (Food) and P (Clothing). Interviews were conducted in a structured manner with questions compiled and linked and developed with related literature.

#### **Maintaining Consumer Confidence in Products Through Digitalization**

The term "digitalization" refers to transactions between people in which values are exchanged and processes are carried out through digital technology. Therefore, it can be said that digitization is a transaction activity in which people or groups buy and sell goods by utilizing electronic media/computers. Apart from building booths, companies must also embrace digitalization, which requires them to be proficient at sending their products regularly through digital marketing. They have to make their booth as attractive as possible so that customers are interested in buying at their booth. They can also take advantage of social media to market their services and products. In addition, it is considered more effective because customers can see it in person and can save money on marketing.

Digital marketing can be defined as product marketing carried out via the internet or through social media. Of course, the benefits of digital marketing are not limited by distance or time, and anyone can access or take advantage of them. Through digital marketing, we can sell goods constantly.

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Business actors can take advantage of the increasing number of social media users to sell their products through social media. This is the turning point in converting offline to internet company. In fact, 70% of creative companies claim that internet marketing will be their main focus in selling their goods, with their offline locations as a complement. Due to the simplicity that digital marketing provides, it can attract a lot of new customers and potentially achieve or gain a larger market share. Digital marketing, on the other hand, requires a high level of confidence and optimism. Because launching a digital marketing campaign requires customer trust. Because gaining customer trust is difficult, especially for business people who are just starting to use social media for business.

The ways that can be done by businesses in growing consumer trust through social media are as follows:

- "I always update the types and prices of goods that are marketed intensively, so consumers don't feel cheated and trust will arise later" P1.
- "Sometimes I involve consumers in reviewing products that are marketed so that other consumers know the quality of the goods that we market or display the results of the testimonials of the goods that we market to social media so that potential consumers can see them" P2

From the two respondents' statements above, the way they do to build consumer trust in the products they offer is to do or upload testimonials so that they can increase consumer confidence in the quality of the product. In contrast to M1 and M2 respondents, they foster consumer trust by doing creative photo and video advertising.

- "design photos or videos of goods being marketed as creatively as possible so that consumers are interested in the products being marketed"
- "Using advertising provided by social media such as Instagram ads or Google ads in order to reach a wider audience"

#### **Application of the Principle of Responsibility for Product Damage**

In business ethics, for example, if an entrepreneur acts unethically, he cannot condone his actions due to business pressures or the fact that everyone else is acting unethically. He must take full responsibility for his

actions. When examined through the lens of the principle of responsibility mentioned above, accountability is the most important aspect of the buying and selling process. Voluntary responsibility without coercion is one aspect of responsibility.

<b>Answer Transcript</b>	<b>Verbatim</b>	<b>Code (Coding)</b>	<b>Technical</b>	<b>Compaction Of Facts</b>	<b>Substantive Coding</b>
Usually I replace it with a brand new product that is exactly the same	Replace with a new one	2.P.1		Compensation	2.P1-A
I offer to replace it so that consumers are not disappointed	Offer compensation	2.P.2		Compensation	2.P2-A
<b>Refunding customers sometimes replaces them</b>	Return and replace it	2.M.1		Compensation	2.M1-A
<b>I usually offer a discount on subsequent purchases as my apology</b>	Offer a discount on subsequent purchases	2.M.2		Offer discounts	2.M2-B

From the results of the data analysis above, there are 80% of respondents who choose to compensate either by offering new products or by refunding consumers' money because they feel that this is more effective and will not harm the buyer, while the other 20% prefer to offer discounts on purchases. next product as his apology.

When the goods obtained arrive at the consumer's home and there are differences, especially with items that do not match the photos presented, consumers are uncomfortable wearing them. As a result, the dropshipper does not want to be held responsible for not receiving any complaints for this reason. And the dropshipping technique is luck when it comes to buying and selling online. As a result, if consumers get things they don't want, they put themselves at risk. Buying and selling online at the Shopee Store clearly conflicts with the concept of responsibility, as evidenced by the theory and statistics described above. Because until the previous agreement is reached, the seller will not accept any complaints. If there is a discrepancy between the products sent, the seller is responsible for replacing the item for customer satisfaction (Mabarroh Azizah, 2020)

#### **IV. CONCLUSION**

Along with the development of information and communication technology, there are various types of competitive products available in the market. In terms of product competition, promotion through online media (digitalization) is very helpful in attracting the attention of customers and potential consumers to their products. For this reason, business people are obliged and required to dominate the market through promotions on social media. As is rife among millennials, namely promotions through social media such as Instagram, Facebook, WhatsApp or other market places.

However, knowledge related to business ethics in the use of social media (digitalization) in the promotion of business products that are owned is still minimal and even less attention is paid to it. Application related to business ethics in product digitization can be useful in enhancing product image, maintaining consumer trust and responsibility towards products, as well as as a reference and standard of behavior in carrying out business activities.

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