

Digitalization Improves the Creative Economy in Islamic Economic Perspective

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Abstract

This abstract discusses the potential of digital economy and creative industries in the context of Islamic economics and ethics, particularly in Indonesia. The background of the study is the development of local wisdom and creative industries to support the global economy. The research problem is the challenges faced in implementing digital economy, particularly in relation to Islamic economic principles. The aim of the study is to explore the application of Islamic Work Ethic (IWE) in the context of digital economy and creative industries. The methodology involves a literature review of works on digital economy and Islamic economics. The findings highlight the potential of digital economy in promoting growth in creative industries within the framework of Islamic economics. The implications include the need to apply Islamic ethical principles in digital economy and creative industries, as well as the importance of understanding the challenges and risks involved.

Keywords: digital economy, creative industries, Islamic Work Ethic, Islamic economics, Indonesia.

Introduction

Natural resources and cultural resources of each tribe can be developed through the creativity of the nation's children to welcome the global economy, namely the development of creative industries and the digital economy. Exploration of local wisdom through creativity and forms of creative industries aimed at supporting the digital economy era, which will bring about a change in mindset. Indonesia is considered to have great potential because its digital economy continues to grow and even the penetration rate of internet users continues to increase. The digital economy is a sign of future economic development and growth, which is marked by the development of the digital economy and changes in people's behaviour in Indonesia. Up to 49.6% of consumers search for product information online before making a purchase (Alvara, 2019). Micro, small and medium enterprises, MSMEs are defined as small businesses owned and managed by an individual or a small number of people with a certain level of wealth and income. In the government regulation of the republic of Indonesia number 7 of 2021 concerning Guidance, Protection and Strengthening of Cooperatives and Micro, Small and Medium Enterprises (2021) stipulates that the type of MSME is a micro business with a maximum business capital of IDR 5,000,000.

Land, excluding commercial facilities and land and buildings of small and medium-sized enterprises with a business capital of Rp. 5 billion, excluding commercial facilities and land and buildings of medium-sized enterprises with a business capital of and buildings.

Innovating and keeping up with developments is not always easy. There are various challenges faced regarding the implementation of the digital economy, namely: cybersecurity, increasingly fierce competition, human resource development, the availability of qualified internet access, and Islamic regulations have an economic system for the welfare of fellow humans. Islam is rooted in Sharia law, which forms a worldview and goals that differ from the current secular system. Islam's desired goals are not materialistic, but rather based on Islamic concepts of human happiness, socio-economic justice, and spiritual fulfilment. In research conducted by Saeed Hameed Aldulaimi (2016), there are elements of work ethics described in the Islamic Work Ethic (IWE) which are derived from religious values and spirituality that have been described in the Quran and the Sunnah of Prophet Muhammad. The principles of IWE focus on the relationship between humans and the Creator, and provide guidance for organisations to improve their administrative practices in a sustainable manner. It is important to implement IWE in organisational practices in every country to create a healthy and harmonious work culture. The sharia principles and work ethic elements in IWE can be applied in the context of the digital economy in a more concrete and descriptive way. Shariah principles relevant to the digital economy, such as justice, honesty, and compassion, can be applied in various aspects of the digital economy, such as marketing, financial

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management, and production management. Examples of the application of these principles can be drawn from the experiences of other MSMEs or from government programmes that support MSME digitalisation. MSMEs need to understand the challenges of applying these principles, such as intensified competition and data security risks. While there are some doubts about Muslim workers' acceptance of this concept, the ethical model proposed in this paper can help Muslim workers to recognise and apply the necessary values in their work settings. In previous research conducted by Umi Rohmah (2017), the role of the creative economy in increasing empowering the potential of local creativity, in this case MSME players in the region to support the digital economy in order to improve the standard of living of the community's economy in the perspective of Islamic economics.

Research Methodology

The digital economy is a sign that future economic development and growth will be characterised by the rapid development of business or trade using Internet services as a medium of communication and collaboration between businesses or individuals. The concept of the digital economy was first introduced by Don Tapscott. It is a socio-political-economic system with intelligence space characteristics, such as information, access to various tools, capabilities, and information processing. The first identified components of the digital economy are the technology, information and communication (ICT) industry, e-commerce activities, and the distribution of digital goods and services (Sayekti, 2018).

The development of the digital economy can be analysed through several dimensions proposed by Don Tapscott (1995), which include:

1. Knowledge (winning innovations through new opportunities to create
2. competitive advantage for SMEs).
3. Digitalisation (business transactions using digital technology and digital information, between digital consumers, who use digital services in transactions with digital companies).
4. Virtualisation (turning physical goods into virtual goods, turning intellectual capital into digital capital).
5. Molecularization (change, heavy/traditional organisation into a light and flexible organisation).
6. Internetworking (using the internet network to build interconnections to form an economic network).
7. Disintermediation (no intermediary needed; transactions can be done directly peer-to- peer).
8. Convergence (the establishment of interactive multimedia as an important platform).
9. Innovation (human imagination and creativity).
10. Presumption (change from mass production to mass customisation).
11. Immediacy (the time difference between ordering goods and when they are produced and delivered has drastically decreased due to the processing speed of digital technology).
12. Globalisation (no limit to global transactions).
13. Discordance (the gap between those who understand the technology and those who do not).

The concept of digital economy is a study of the interaction between innovation development and technological advances that affect the macro and micro economy. The affected sectors include goods and services in development, production, distribution, and delivery, depending on how far-reaching digital technologies are (Setiawan, 2018). In the digital economy, firms provide services in response to specific demands and customised offers. Offers are characterised as private, personal, or private offers. In the digital era, business is no longer about what products you sell, but how you sell and promote them Business opportunities in the digital era are huge, especially for the creative industry. The growing variety of e-commerce platforms brings new life to product marketing for small and medium-sized enterprises (SMEs) in Indonesia. But on the other hand, the digital economy can exacerbate inequality. This is because some groups pursue development quickly and successfully, while other groups do not. In addition, telecommunications infrastructure in Indonesia has not been developed evenly. Infrastructure development is more prevalent on the islands of Java and Sumatra, but in Eastern Indonesia the existing telecommunications infrastructure is still inadequate. The result is clear: the digital divide is very real in Indonesia (Sayekti, 2018). As one example, the MSME "Dapur Mama" in Yogyakarta utilises social media to promote its culinary products. It also uses e-commerce platforms to market its products online. In running its business, this MSME applies the principle of fairness by providing reasonable and affordable prices for all groups. It also applies the principle of honesty by providing accurate information about its products and services to customers.

The digital economy is still a challenge for some entrepreneurs. This is because if you can adapt, your profits will multiply. Conversely, entrepreneurs who cannot keep up with the times are likely to be left behind. The younger generation is a group that is very interested in participating in digital-based businesses. Many young entrepreneurs are making good use of technology. Their businesses have also experienced significant growth (Sayekti, 2018).

The creative economy is an economic sector that prioritises ideas and creativity as its main production factor by relying on human resources as its main resource. Creative economy is a new economic concept that intensifies information and creativity, economic civilisation has now entered a conceptual era where creators and empaths are needed. The creation of a creative economy roadmap involves the government and the private sector with the aim of pushing the creative economy towards development. The characteristics of the creative economy include intellectual creativity, innovation, competitiveness, and diversity. The study conducted revealed that the Islamic economy views buying and selling through

digitalisation as permissible, provided that it is done in the context of trade that is in accordance with sharia principles, such as not violating property rights and not contradicting other Sharia principles. Digitalisation can be an effective tool to increase the growth of the creative economy. This can be seen from the case of Kopi Kenangan, which has successfully leveraged digitalisation to improve marketing, operational efficiency, and social contribution. Kopi Kenangan utilises various digital platforms, such as social media, e-commerce, and mobile apps, to market its products and reach customers across Indonesia. Kopi Kenangan also leverages digitalisation to improve its operational efficiency, such as by using an online ordering system and stock management system. In addition, Kopi Kenangan also contributes to creating jobs and improving the welfare of the community. Kopi Kenangan has applied Islamic economic principles in its business, such as fairness, honesty, and social contribution. This can be seen from the affordable pricing of its products, its honest production and sales processes, and its contribution in creating jobs and providing assistance to people in need. Overall, Kopi Kenangan is an example of a company that has successfully leveraged digitalisation to enhance creative economic growth in an Islamic economic perspective.

In fiqh (Islamic jurisprudence), there are several types of buying and selling, including *mutlaqah*, *muqayyadah*, and *musawamah*. Deni Putra also stated that online buying and selling based on social media in Islamic economics is also divided based on how the price is determined, such as buying and selling by way of *amanah* and buying and selling with deferred payment which is allowed.

Maqashid Sharia is a concept proposed by the scholar Ash-Syatibi which states that Sharia aims to realise the welfare of the world and the hereafter. In general, *Maqashid Sharia* has a goal for the good or welfare of humanity. The welfare in question covers all aspects of human life, including sustenance, basic needs of life, and other needs needed by humans.

That's right! According to Imam al-Shatibi, there are five forms of *maqasid al-shariah*, also known as the five general principles or *kulliyat al-khamsah*. These forms are: *maqasid al-shariah* to protect religion, *maqasid al-shariah* to protect life, *maqasid al-shariah* to protect reason, *maqasid al-shariah* to protect property, and *maqasid al-shariah* to protect offspring. These principles serve as the framework of Islamic law and guide the actions and decisions of Muslims in various aspects of life. Each of these forms has two divisions, namely in terms of existence or preservation and in terms of prevention.

Method

This approach is based on research on the role of economic digitalisation in the perspective of Islam. The literature research conducted is research in which there are literary works in the form of books, articles in scientific journals, popular magazines, mass media, and others. These literature sources explain the role of economic digitalisation from an Islamic perspective.

Results and Discussion

a. Digitalisation of the Economy

Digitalisation of the economy is an innovation in the economic system that provides convenience to its users, providing benefits because it can be accessed anywhere without location and time restrictions. Just connect to the internet and access the system. In addition, the definition of economic digitalisation is a socio-political-economic system that has characteristics of intelligence space, including information, various access tools to information tools, information processing, and communication capabilities (Lestari, D. A., Purnamasari, E. D., & Setiawan, 2020). The behaviour of today's society depends on existing technology, such as surfing anywhere in cyberspace, looking for the latest information, and using social media to connect with distant friends. It has become a habit to do activities that access the internet. For example, Instagram and Facebook are used as buying and selling platforms, and social media users are aware that all groups, not only the younger generation, are awakening to maintain digital literacy. (Wahyuni, T., Marsdenia, M., & Soenarto, 2018).

b. Islamic economics

Values that practice an economy based on truth, avoiding ugliness and harm to consumers, and creating consumer trust and comfort (Prasetyo, 2018). In Islamic economics, we do not forget the pillars of the contract in conducting economic activities that are the legal basis for gaining the trust of the seller, namely the service provided on the sales floor in response to the goods to be delivered.

Buyer is a natural person who has the capital to buy a product or service provided by the seller to the buyer. a document made by the seller and notified by the buyer to make a transaction of goods offered by the seller and purchased by the buyer, after reading the terms and conditions agreed by both parties; Agreement between the seller and the buyer with terms and conditions accepted by the buyer. parties to the transaction. The subject of the contract is the goods sold by the seller and advertised to the buyer, and the goods sold must be perfect. The seller of the subject of the contract usually provides information about the product he owns and his knowledge in the market. field so that it can convince the buyer based on the seller's experience and not provide false information if necessary. The purpose of the contract is for the Seller to sell in accordance with Islamic law, in accordance with the Seller's recommendations without deviating from the applicable Islamic rules. This means not selling products that should not be sold, such as alcohol, alcoholic beverages, and others.

The principles of Islamic economics are: a) The prohibition of Maysir is gambling, meaning that someone is trying to obtain wealth at the expense of others or enrich themselves without effort or difficulty. b) The prohibition of Gharar is fraud that harms others through transactions that have hidden elements, carried out for the benefit of one party, and the benefits are given to the seller. c) Prohibition of haram acts, d) Prohibition of dishonest acts, e) The act of hoarding goods with the aim of obtaining large profits by selling them when the price of the hoarded goods rises, f) Prohibition of usury. (Subagio, I. S., & Saraswati, 2020).

c. Creative Industries

The Role of Creative Industries According to Sadano Sukirno (2013: 8-9), economics refers to the use of limited resources to produce various types of goods, with or without the use of money. how to produce them in different ways. According to Suherman Rosyidi (2011: 9), economics is the study of how people use scarce resources to produce and distribute goods and goods that are useful to everyone. In the Creative Era, the economic value of products and services is not determined by raw materials or production systems as in the Industrial Era, but by the exercise of creativity and the creation of innovations through increasingly sophisticated technological developments. Industries can no longer compete in the market based solely on price and product quality, but must compete based on creativity, innovation, and imagination. (Aldi, 2016: 8) In this study, the creative economy is understood as an economy that relies on the creativity of ideas and human resources as the main production factor of economic activity.

Conclusion

Digitalisation of the economy has great potential in increasing the growth of the creative economy, especially in the perspective of Islamic economics. In the context of Islamic economics, the principles of Islamic Work Ethic (IWE) principles can be applied to create a healthy and harmonious work culture, focusing on the relationship between humans and the Creator. A tangible example of the application of digitalisation in the creative economy can be seen from Kopi Kenangan's success in leveraging digital platforms for marketing, operational efficiency, and social contribution, while still upholding Islamic economic principles such as justice, honesty, and social contribution.

Implementation of digitalisation in the creative economy from an Islamic economic perspective. Firstly, MSMEs need to understand the challenges of applying the principles, such as intensified competition and data security risks. In addition, the ethical model proposed in this article can help Muslim workers to recognise and apply the necessary values in their working atmosphere. Secondly, MSMEs need to utilise the potential of local creativity in supporting the digital economy in order to improve the economic standard of living of the community from an Islamic economic perspective. Thus, MSMEs can leverage digitalisation to improve operational efficiency, expand marketing reach, and create jobs, while still upholding Islamic economic principles such as justice, honesty, and social contribution. In addition, MSMEs also need to pay attention to aspects of fairness in product pricing, honest production and sales processes, and positive contributions to society as a whole. Thus, the application of digitalisation in the creative economy can have a positive impact on MSMEs in creating added value and improving the welfare of society at large.

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