

The Midst of Globalization and Digitalization of Multi-Level Marketing in the Perspective of Islamic Business Ethics

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Abstract. Multi Level Marketing (MLM) has become one of the MLM businesses. This business model has been starting to spread of the controversial business in this modern business. Millionaire Club Indonesia (MCI) is one of the MLMs that is able to survive and grow rapidly in the covid-19 pandemic era. The purpose of this research is to see how is the business management of Multi level Marketing (MLM) Millionaire Club Indonesia (MCI) in the Perspective of Islamic Business Ethics. The design of this research is descriptive qualitative. The researcher collecting the data through interview with 3 leaders and active members, doing observation directly among offline and online (synchronous and asynchronous). By joining to 3 of WAG as an active participant and attend to some business meetings. From the results of this study obtained several findings. MCI is an MLM that operate in Indonesia that has adopt the Islamic business or sharia business oriented. Get, Keep and Grow also a part of concern of this company management. They got some appreciations that it can be prove the position. They also practice the business ethics principles such as win-win solution, honesty, otonomous, justice, and moral integrity. In sum, MCI in one of MLM that it uses digital technology and it has a sharia licence from Majelis Ulama Indonesia.

Keywords: Management Business Sharia, Digital Technology, Multi Level Marketing, Business Ethics

1 Introduction

Al-Qur'an and al-Hadith, In the perspectives of Islam, the are true guidelines and their contents are not timeless. The Prophet SAW as His emissary empirically provided instructions and examples regarding the principles of building an economy that we can refer to today. In the view of Islam, the Qur'an and Hadith are true guidelines and their contents are not timeless. The Prophet SAW as His emissary empirically provided instructions and examples regarding the principles of building an economy that we can refer to today [14]. Indirectly the teachings brought by the Prophet Mohammad are part of management with a business model according to shari'ah or Islamic law [15]. Bertens conveys that in doing business it must take place as social communication which is profitable for the parties involved in it. Sharia Business Management according to Abdullah (2014) is knowledge that studies how to organize, manage, and carry out business activities based on 8 Sharia principles including monotheism (piety), justice, not unjust,

at ta'awun (helping), trust, ridha, khitmah (good service), and freedom from elements of gharar, maisir and usury [16].

Business orientation in Islam according to Ismail and Widjajakusuma aims to achieve four main things: (1) target results: profit-material and non-material benefits, (2) growth, (3) sustainability, and (4) blessings [19]. In carrying out business practices bound by business ethics. The study of business ethics (ethics and business collaboration) has started since the 18th century until now. The issue of business ethics arises when there is a conflict of responsibilities, needs or confusion of choosing right from wrong or considering something more complex as a result of business activities. Habibah and Salam stated that the Islamic religion instructs its people to obtain lawful sustenance, not only to collect property, but also in an Islamic way or ethics [12]. With the presence of the MUI fatwa in 1998 which formed an institution that specifically handles fatwas on muamalah fiqh or often referred to as sharia economics [7].

In the era of digitalization 4.0 and society industry 5.0 (accommodating industry 1.0 - industry 4.0), the economy has changed. Most of these changes or transitions from conventional models have shifted to cyberspace in the form of digitization. This synergy cannot be stopped because of the latest technology through digital marketing which has implications for changes in consumer behavior to take or not take action to make decisions in buying products or not [17]. In the second year since the emergence of the Covid-19 pandemic that hit the world, it had devastated all sectors of human life, the world's economy was sluggish, including the Indonesian economy. However, on the other hand, this condition has created a digital technology-oriented market place [2] [18].

During the Covid-19 pandemic, many business actors had to go out of business as a result of being unable to run their businesses. But there is something unique in the midst of the downturn in various business fields, it turns out that there are also business actors who can survive. Millionaire Club Indonesia (MCI), which is MUI-certified through multi-level marketing (MLM)-based marketing, is growing rapidly by winning various awards. Some people who have an entrepreneurial spirit are competing to create or join the creative industry field and the community can hold the world through mobile phones. Multi Level Marketing (MLM) has become a thriving business, starting from a controversial business that also adapts to digital-based 4.0 developments. Indonesia is currently still categorized as a developing country. The requirement to be a developed country is that the ratio between entrepreneurs in a country must be more than 14 percent of the population ratio. While entrepreneurs in Indonesia are still 3.1 percent, so Indonesia needs to be accelerated and facilitated so that it can approach the requirements of a developed country. Indonesia is a country that has the world's largest Muslim population, so many of the rules used adopt Islamic teachings. The use of sharia labels in various businesses has become a trend. Furthermore, Solikhah said that in today's business, sharia labeling behind the name of the business is increasingly prevalent. Starting from hotels, guest houses or inns, culinary delights to businesses engaged in services [14].

Besides that, the effect of the pandemic is also the background for increasing religiosity. The effects of this pandemic are also felt to be able to massively increase the use of digital technology information. Azzahra, et al stated that digital technology is not only for starting new businesses, but a tool for running existing businesses, with the help of this digital technology it becomes easier for entrepreneurs to promote products. Digital technology as an opportunity to get better performance results [5].

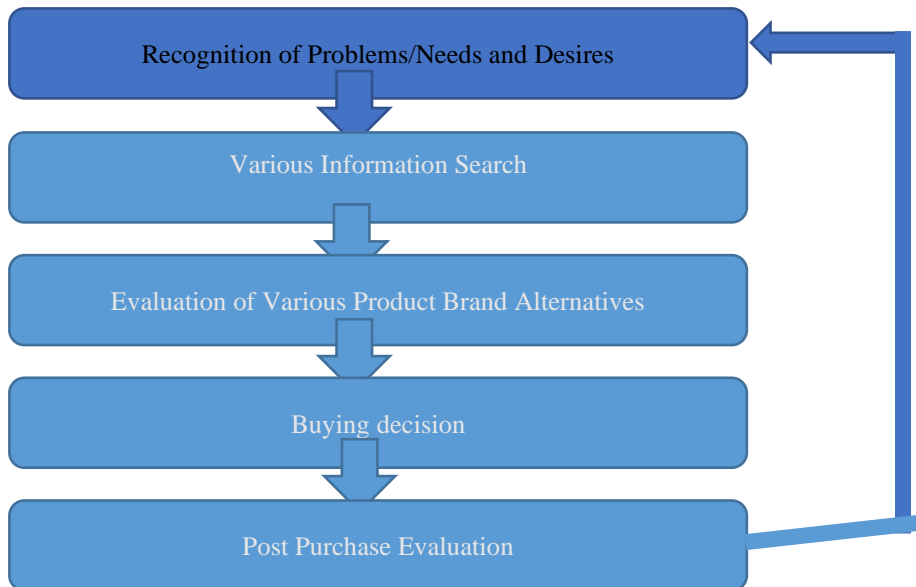
Khan (1994) in Solikhah argues that the definition of Islamic economics basically contains the same meaning, namely as: 1) Knowledge that studies society's economic problems in the perspective of Islamic values. 2) A branch of science that helps realize human well-being through the allocation and distribution of scarce resources, in line with Islamic teachings, without limiting individual freedom, creating lasting macroeconomic and ecological imbalances, or weakening family and social solidarity and the moral fabric of society. 3) Is a study of the representation of Muslim behavior in a particular Muslim society [14].

In recent years there have been interesting developments related to business, Patricia Aburdence in Megatrend (2010) stated that there are seven megatrends that will color the modern business world. First, the emergence and increase of spiritual power. Second, the emergence of a new dawn of conscious capitalism. Third, the emergence of alternative leadership from the middle. Fourth, the many applications of spiritualism in the business world. Fifth, the increase in consumers deciding their behavior based on a value system. Sixth, the emergence of a wave of problem solving based on awareness. Seventh, the emergence of an investment boom in various business fields that have ethics and social responsibility. This trend opportunity is closely synergized with digital technology.

Today's modern business is a business characterized by intense competition. In a competitive business context, every company strives to excel based on its objective strengths. The objective strength includes two main things, namely capital and labor [9]. Large capital alone is not sufficient, the need for professionals is equally important because professionals will determine the strength of the management and professionalism of a company. However, professional staff is not only based on their expertise and skills. The ability to understand market needs, consumer trends, age, status (Fisher, 2015), cultural characteristics, lifestyles that refer to consumer behavior through emotional marketing, affective markets, which are influenced by impulse buying behavior (Ahmd & Parmair) and supported a good marketing strategy through the procedure: get, keep and growth (GKG).

Marketing is an organizational function and a set of processes to create, communicate, provide value to customers to manage customer relationships that benefit the company or organization or the parties involved in it [13]. Furthermore, Keller and Kotler said that the essence of marketing is to get profit or profits in the marketing management of a company. These values are tiered or experience 3 vases, namely vase choosing (Segmentation, targeting, and positioning), vase providing (determining certain product features, price, promotion and distribution) and vase communicating value (sales force/sales, advertising, means of communication to announcing and promoting the product). In marketing also considers the consumer decision-making process which is the basis for consumers to be interested in buying the products offered.

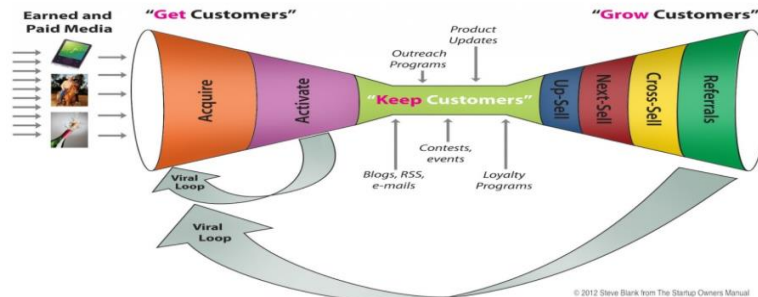
The process can be seen in the flow chat below.



MIC is a business opportunity that benefits both sellers and buyers. Various positive testimonials directly or through social media as well as online and offline interactions between actors as well as rewards for traveling to several foreign destinations with family for free, price changes if buying with a combination of product variants, cheap translucent prices for members and so on are felt as precise management in marketing health and beauty products carried out by MCI management and active members.

Steve Blank and Bob Dorf. with the Get, Keep and Growth (GKG) theory described in the form of a drum which contains:

- a. Get stands for employee awareness and acquisition tactics that are emphasized towards reducing customer acquisition costs.
- b. Keep: Reducing customer competition and maintaining it through a loyalty program, the latest products and quality service.
- c. Growth: Paying attention to the long term customers from consumers, so that it can be emphasized on repeat selling and cross product sale



Looking at the development of behavior. Moral is more related to the good and bad values of every human change, while ethics is more of a science that studies good and bad (Aziz, 2013). Business ethics is considered very important and necessary in business activities so that companies have good performance.

This ethic covers individuals, companies, society and the public, relationships between individuals and customers or work partners. Ethical problems in doing business usually take the form of bribery, coercion, fraud, theft, and unclear discrimination. Ethical business scandals at national companies such as Lapindo Brantas, Bank Indonesia Liquidity Assistance (BLBI), Century Bank Bill Out, or unethical business practices conducted by multinational company officials as seen in the Enron and Arthur Anderson cases further emphasize the need for understanding comprehensive view of business and professional ethics from various disciplines including from a philosophical perspective [20]. The principles of business ethics according to Keraf mention 5 things, including [9]:

Principle of Autonomy; namely human attitudes and abilities to make decisions and act on his awareness of what he thinks is the right thing to do:

1. The Principle of Honesty; There are three scopes of business activity that can be clearly demonstrated that a business cannot last long and succeed if it is not based on honesty. First, be honest in fulfilling the terms of the agreement and contract. Second, honesty in offering goods or services with comparable quality and price. Third, honest in internal working relations within a company.
2. The Principle of Justice; demanding that everyone be treated equally in accordance with fair rules and in accordance with objective rational criteria, and can be accounted for.
3. The Principle of Mutual Benefit (Mutual Benefit Principle); demands that the business be run in such a way that benefits all parties.
4. The Principle of Moral Integrity; primarily internalized as an internal demand for business people or companies, so that it is necessary to run a business while maintaining the good name of the leadership or its people and the company.

Furthermore, Sudarmanto, et al (2020) stated that the theory of business ethics helps people evaluate ethical decisions. This theory is used to judge whether or not a moral decision is right or wrong. Business ethics has four main principles in running by the company, including:

- a. The principle of mutual benefit means that every business activity carried out must be profitable or provide benefits to all parties involved. One way that can be done to apply this principle is to set business goals as fair and as good as possible.

- b. The principle of honesty Honesty is very important in various aspects, including business. The principle of honesty is the main ethic that must always be applied, not only to business partners, but also to customers and within the company.
- c. The principle of autonomy Business people must be able and able to make the right decisions. This decision must not conflict with business ethics or applicable regulations. In other words, businessmen must make decisions in accordance with business ethics and legal regulations.
- d. The principle of fairness means that all parties involved in a business must receive the same rights and treatment. Justice is also carried out by upholding human dignity. Not only do they get the same rights, all of these parties also carry out their obligations in accordance with what has been stipulated.

Table 1. Stages of Moral Development of Children According to Kohlberg

Level	Sublevels	Salient Features
Level I (Preconventional) Age < 10 years	1. Orientation to punishment 2. Orientation to gifts	to Comply with regulations to avoid penalties Adjusting to get rewards/praise
Level II (Conventional) Age 10-13 years	3. Child orientation to good 4. Authority orientation	is Adjusting to avoid reproach from others Comply with laws and social regulations to avoid criticism from authorities and guilt for non-performance
Level III (Postconventional) Age > 13 years	5. Social contract orientation 6. Orientation of ethical principles	Actions carried out on the basis of principles agreed upon by society for the sake of self-respect Actions based on self-believed ethical principles to avoid condemnation

2 Research Methods

This study aims to describe a condition or phenomenon with a qualitative approach. Research with qualitative methods is outlined in the assumptions and opinions of researchers based on issues and phenomena that occur Creswell & Poth. MCI is a phenomenon that is attracting attention with the multi-level marketing model that is currently booming and increasingly existing. In difficult times due to the conditions of the Covid-19 pandemic, this has led researchers to explore and dig up data through in-depth interviews with business people and also make direct observations and feel and be involved in it as active participants. The researcher as the key instrument conducted the investigation through direct observation by actively participating in online and offline meetings, conducting in-depth interviews with the 3 leaders and fellow MCI members who joined the 3 WAGs (Team Running Goals, Team Stong Hoky, and Team Great Women). The research was carried out for 3 months taking the MCI research setting in Solo. Researchers use triangulation techniques for data validity [6].

3 Result and Analysis

Health and beauty are two important things. MCI is targeting market share from babies to parents by launching health and beauty products through special applications that are only owned by members with maintained quality and reliability. Multi Level Marketing or known as MLM is more commonly found in developing countries including Indonesia. MCI was able to survive and even thrive in the business of health and beauty products imported from neighboring countries or processed in Indonesia. In this paper, the researcher raises the Millionaire Club Indonesia (MCI) sharia business management, which is a Multi-level Marketing MLM that can survive the current pandemic with a business ethics perspective.

Seeing the success of MCI, which was founded on November 10 2015 together with the issuance of a permit as a Venture Capital Company (PMV) from the Financial Services Authority (OJK), it is a local Indonesian company. Wilson Mandala Putra is the CEO of MCI in practice implementing marketing management theory that goes into sharia management and is in accordance with business ethics by utilizing digital networks and technology. MCI also considers marketing theory and the founder is an MLM business person who has been directly involved in MLM-based economic activities since high school.

The strength of this company is in accordance with the theories of GET, KEEP and GROW as well as cooperation between Asian countries such as Japan, Korea, Singapore, Vietnam and others for their products and tourist destinations around the world. Its products include Nano spray made in Japan, Magic stick made in Korea, Bioglass made in Korea, pendant from Korea, Nuvit & Vitabalance made in Singapore, Pendant made in Korea, Glucola drink produced by Indonesia with imported ingredients, Glucola gel produced by Indonesia and other ingredients. imports, Glucola serum produced by Indonesia with imported ingredients and many more.

Based on interview data obtained from the three WA groups, they have the same characters and patterns. Sales of goods are carried out with a network marketing model. Members are interested in joining because of the bonds that are forged regardless of social, cultural or economic background and motivate each other to get points, vouchers or money from sales. However, the work ethic of finding customers and selling products to achieve the set targets to become a leader is the main attraction. Purchases through applications that are known by uplines and downlines and shared with other members for motivation and transparency. Purchase according to the MCI application and prices are not allowed to be reduced even if the member has excess stock.

Observations were made in order to gather information and be directly involved. Assistance is carried out at any time and there are intensive direct and virtual meetings from up line and downline (between members) via zoom, WAG and offline by holding regular meetings in different places according to the agreement and giving door prizes is a special attraction. This is relevant to the get, keep and grow theory, so it's not surprising that MLM still exists and is growing even during a pandemic like today.

Another strategy is that product purchases can be made by participating in arisan organized by leaders who wish to form arisan groups with the time and number of members determined by each group consisting of 12 people with each paying monthly in installments for 1 year. MCI uses sales techniques with a level marketing model by involving each member and leader. Routine meetings that touch on the aspects of taste, eyes, smell (impulse buying) are very thick.

The MCI company has received several awards both from within and outside the country. The award was received from MURI, Sharia Bank, Asia, The Most Creative Youth Of Asia In 2018 From Un-Habitat Award, Product & Brand Awards Winner 2018 For Bioglass Award, Best Portable Water Treatment (Bioglas 2+) Award 2016-2017 and many more which can be downloaded on the MCI web page.

The more diligent you get buyers, the more it will have implications for positional fund income. There are interesting promos issued every month by concocting several types of products which, if the total price is higher or a discount model with a price below the base price, besides that every year 2-3 times, prize distribution is held in the form of field trips abroad and giving options to members to choose to make a deposit in the application or take a trip with their family for free. This is in accordance with business ethics in terms of the Principle of Autonomy, namely the attitude and ability of humans to make decisions and act based on their awareness of what they think is good to do.

The second principle of business ethics at this MCI company is honesty. Activitybusiness scope can be shown clearly, can last a long time based on honesty. There is a punishment for sellers who are "naughty" by selling substandard products and so on regulated by the company's code of ethics. *The third principle*, Justice, namely demanding that everyone be treated equally in accordance with fair rules and in accordance with objective rational criteria, and can be accounted for. Promotions, vouchers and other facilities apply equally to all members while maintaining only contact with their own network to motivate each other. In MCI all members are leaders. So that each member has the opportunity to get what he wants to achieve. If you look at the order from the bottom it is Ruby, Emerald, Diamond, executive elite diamond, and the highest is the crown. *The fourth principle*, Mutual Benefit Principle; demands that the business be run in such a way that benefits all parties. Selling with the MLM model at MCI both benefit. The points that go to the upline are part of the "wages" of the upline's work directing and explaining to the upline. Network placement and whether or not the network works hard will also affect how much it earns. *The fifth principle* of Moral Integrity, primarily internalized as an internal demand for business people or companies, so that it is necessary to run a business while maintaining the good name of the leadership or its people and the company. Meetings between uplines and downlines in Solo, and their superiors become motivators and bind emotions to contribute to each other's achievement of sales targets.

4 Conclusions

Based on the findings and discussion above, it can be concluded that MCI companies with the Multi Level Marketing model operate using the marketing management principles of get, keep and grow, besides that MCI also applies business ethics such as autonomy, honesty, fairness, mutual benefit, and having moral integrity. MCI, which was founded in 2015, has won several awards from various institutions which can be seen on the MCI official website and has a Sharia MLM certificate issued by the MUI in 2020 which shows that the company also operates using sharia principles.

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