

## Strategy to Increase Competitive advantage BMT Al-Mabruk Batusangkar in Perspective of Islamic Business Ethics

Mirawati<sup>1</sup>, Rahmad Ade Putra<sup>2</sup>

<sup>1</sup>Institut Agama Islam Negeri, Batusangkar, Indonesia

<sup>2</sup>BMT al-Mabruk Batusangkar, Indonesia

**ABSTRACT :** The number of Islamic Financial Institutions now makes competitiveness to get as many customers as possible. This is certainly related to business ethics that must be in line with islamic teachings. The aim is to explain the strategy in increasing competitive advantage in BMT al Mabruk Batusangkar and to explain how Islamic business ethics view the implementation of strategies in BMT al Mabruk Batusangkar. This type of research is field research with qualitative descriptive methods, with data collection techniques that use interviews. The results obtained through competitive advantage are (1) cost advantage, (2) using differentiation strategies, (3) the focus strategy of BMT al Mabruk Batusangkar, (4) involved in community social activities. While the application of business ethics is carried out in every transaction in BMT al Mabruk Batusangkar.

**Keywords :** *Competitive advantage, Islamic business ethics*

### I. INTRODUCTION

Competition that occurs in the business world is certainly one of the benchmarks of the company in making a strategy to increase competitive advantage in the competition. Business people in carrying out their business require values, rules and norms so that business management can later run as planned.(Hamzah & Hafid, 2014)

In the current pandemi period, the competition is very fiercely felt by business actors, both manufacturing and services. It should be considered by any company that becomes self-control, the development of social responsibility, paying attention to identity, creating healthy competition, the implementation of sustainability of development concepts, being able to maintain the truth. The existence of moral values owned by business people and good ethics in business, will make the business more blessed. The Prophet has taught us to do business with good ethics in accordance with Islamic sharia. Not only ethics in business in accordance with Islamic sharia but also in terms of competition, business people should pay attention to the way of Islamic sharia, which is all regulated in the Qur'an and Sunnah of the Prophet. (Tarigan, 2016)

Ethics and competition in Islamic sharia in the business world strongly uphold the norms of justice, truth. In Islamic Financial Institutions there are very many norms of justice and truth carried out, should make a benchmark in Islamic Financial Institutions to better improve competitiveness.

Islamic Financial Institution in Payakumbuh one of them is BMT Al-MabrukBatusangkar which is a developing microfinance institution, located quite strategically considering that this BMT is in an urban area and is in a building with IAIN Batusangkar. This is not only a strength but also a threat caused in the face of very competitive competition dominated by even larger financial institutions, such as commercial banks both conventional and Sharia, which have become public trust to conduct financial transactions.

The official name of BMT Al-MabrukBatusangkar is PT. LKMS BMT Al-MabrukBatusangkar was established in 2017 with an initial capital of approximately Rp. 500,000,000. Over time BMT Al-MabrukBatusangkar now has an office in Gedung M IAIN Batusangkar. BMT Al-MabrukBatusangkar not only competes with microfinance institutions but with conventional commercial banks that have also glanced at the share of the microfinance market. With the competition that occurs, BMT Al-MabrukBatusangkar must have a competitive advantage to face competition in increasing the number of savings customers and credit customers.

The formulation of the problem that can be raised is how is the strategy to increase competitive advantage in BMT Al-Mabruk Batusangkar? What is the view of Islamic business ethics towards the implementation of competitive advantage strategies in BMT Al-Mabruk Batusangkar?

## LITERATURE REVIEW

### a. Strategies to Increase Competitif Advantage

Strategy is a competitive plan to achieve a goal. Not only the plan, but the strategy is the power to maintain the sustainability of the company in the environment of its activities. (Rahma, 2018) Six functions of strategy that are basically efforts that are structured to be more effective and efficient, namely: (Rahma, 2018) (1) There is a vision to be achieved (2) There is a relationship of excellence and opportunity. (3) Benefit from the results received while thinking about new opportunities (4) There is an increase in the use of more resources. (5) There is coordination and direction for the future. (6) There is feedback given from the strategy achieved.

Competitive advantage is the ability of the company to formulate strategies and implement them in a timely manner and adjusted to the composition of resources owned by the company in order to achieve more tangible results. (Nurmalintang, 2017)

Strategies in competitive advantage are: (NKP, 2018)

- 1) Overall cost leadership, The existence of competition with the cheapest product price is an advantage in reaching the target market. The soul of the whole strategy is the advantage of relatively low costs compared to existing competitors. The risk that occurs if this overall cost advantage is carried out is the existence of a copycat strategy from other companies that causes a decrease in the company's profit.
- 2) Strategy differentiation, A series of actions taken by the company in designing from the production process until the product is in the hands of consumers. There are 2 aspects of the strategy carried out by the company, namely: (1) Aspects of the offer are the processes offered by companies that are tangible. (2) The Demand Aspect is an aspect that is felt by the customer in accordance with the request submitted by the customer in the form of intangible aspects such as service.

### b. Islamic Business Ethics

Moral customs or culture related to corporate business which is certainly based on Islamic values is an Islamic business ethic. Some of the principles of business ethics that are based on Islamic sharia are: (sumatri, r & Nur, 2015)

1. Honestly, the meaning in building a business requires trust developed by the honesty of the businessman.
2. Conformity of products offered with the quality obtained by customers.
3. It is not permissible to break the oath or promise in the transaction process with the customer, which causes the customer to be interested in choosing the product.
4. The existence of excellent service from the company to customers in making transactions.
5. The company must have a good relationship with the customer. This is what will be the foundation of customer loyalty.
6. The existence of an orderly administration carried out by the company. In accordance with Allah's command in surah Al-baqarah verse 282. Where this orderifis business people to record all transactions clearly and in detail.
7. Transparent pricing can reflect honesty in transacting.

Business ethics is an ethical decision taken by business people in managing limited resources. While business ethics in Islam is a science that learns the good and bad from business people according to Islamic teachings. (Tarigan, 2016) There are several ethical principles that must be considered by business people, namely: (Hamzah & Hafid, 2014)

1. Avoiding the act of usury. Riba is an act that adds to a thing that is preached develops, because one of the acts of excessive riba in taking advantage.
2. Doing business on the basis of pleasure, With the pleasure in every business transaction there will be blessings given by Allah SWT, if the agreement is done by means of compulsion or pressure from one of the parties then the contract is declared invalid and falls by itself.
3. Trust in deeds, Trust is one of the most beloved deeds of Allah and his Messenger. Trust in the initiative is one of the things that must be maintained by business people.
4. Keep the promise, The promise in Arabic is 'akd which means the agreement and settlement, so in the business of ijab and Kabul relations must be in accordance with sharia that affects the objects in the matter.

5. Fair, Justice is something that every business person must do, placing something in a propositional, biasless and non-favourable manner.
6. Reject gharar action, It is from Arabic which means doubt, deception and action aimed at harming the other party. Likewise in business, all acts of fraud are prohibited, because there will be conditions for fair defense, fulfilling promises and others.

## RESEARCH METHOD

This study is a qualitative study conducted from November 2020 to December 2021. The research site was conducted at BMT Al- Mabruk Batusangkar. Data collection techniques are carried out by means of interviews and documentation. Data analysis techniques are carried out in 3 ways, namely (1) data reduction, (2) presentation of data, (3) withdrawal of conclusions.

## RESULTS

### 1. Strategy to increase the competitive advantage of BMT al Mabruk Batusangkar

#### a. Overall Cost Advantages

Many cost advantages provided by BMT al Mabruk Batusangkar in order to achieve a comprehensive cost advantage to compete with Islamic financial institutions in Batusangkar. One of the advantages of the cost is the absence of fees in the opening of the account book, the absence of monthly administration fees on BMT al Mabruk Batusangkar savings products, no tax fees or book change fees. All these costs are borne by BMT al Mabruk Batusangkar.

One of the advantages of BMT al Mabruk in opening a new account is, the opening of a new account of at least Rp. 25,000 with a profit share of 6% per year. As for the minimum deposit deposit is Rp. 5,000,000, margin deposit depends on the time period, if the deposit time is 6 months then the margin is 60% while 3 months is 40%.

Compared to other financial institutions BMT al Mabruk is relatively cheap, for example in Bank BRI the initial balance of opening a new account is at least Rp. 100,000. For BMT al-Mabruk financing products focused on murabahah financing, micro-financing provided is very helpful to the surrounding community with the margin provided is very affordable and does not burden customers. All products offered by BMT al Mabruk both savings and financing products are carried out through the ball pick-up process. This convenience is very useful by customers who make transactions at BMT al Mabruk.

#### b. Differentiation strategy

The strategy used by BMT al Mabruk Batusangkar is to offer murabahah financing to customers with all the conveniences provided by BMT al Mabruk to be one of the motivations for customers to meet their needs through murabahah financing. The need to increase business capital can also be done in BMT al Mabruk with a relatively non-burdensome guarantee by the customer. Various facilities in financing such as free of usury, without fines, Islamic services, and pure buying and selling agreements.

This differentiation strategy can generate above-average profits even though in the current pandemic covid the profit obtained by BMT al Mabruk can be said to be safe despite the decline, so as to create a safe position in the face of competition.

#### c. Focus Strategy

BMT al Mabruk in increasing the competitive advantage of doing focus strategies. The marketing focus of BMT al Mabruk is MSMEs around Batusangkar as well as lecturers and employees of IAIN Batusangkar. BMT al Mabruk is looking for customers both savings customers and financing customers through a ball pick-up strategy, which goes directly to prospective customers or who have become customers in transacting both savings and financing.

#### d. Fully engage in social activities in the community.

BMT al Mabruk is fully involved in social activities in the surrounding community. The involvement of BMT al Mabruk was to help students who need help for education or for daily living needs, awarding prize sponsors at events organized by IAIN Batusangkar and IAIN Batusangkar students. All funds issued for social activities are taken from BMT al Mabruk CSR funds.

### 2. Islamic business ethics view towards the implementation of strategy at BMT al Mabruk Batusangkar.

- 1) BMT al Mabruk has from the beginning stood not to use the term interest or riba in every transaction. BMT al Mabruk upholds the Islamic values that have become the basis of the establishment of BMT. In seeking profit BMT al Mabruk uses the term revenue share for deposit products and margins for financing products.

- 2) Before the start of the transaction, both prospective customers and BMT al Mabruk must agree on the agreements that have been presented. When one of the parties does not agree to the contract offered, then the transaction of both savings and financing cannot be implemented, the sense of pleasure must be a milestone in every business run by BMT al Mabruk.
- 3) Trust caused by the occurrence of a business agreement, must be held firmly, this Trust both from the customer and the BMT al Mabruk, Amanah caused from the customer is for example from doing murabahah financing, usually the BMT al Mabruk party hands the money from the financing to the customer so that the customer is the one who makes the purchase of goods that have been agreed on the financing agreement. The customer must submit proof of purchase of the goods. While the mandate carried out by BMT al Mabruk is to keep every guaranteed item that has been given by nasabah as a financing grace, or when the ball pick-up strategy carried out by BMT al Mabruk marketing, be it picking up savings balls or installments of approval, the trust attitude owned by BMT al Mabruk marketing is needed for the sustainability of the good name of BMT al Mabruk.
- 4) The agreement that has been agreed and signed by both parties is a valid agreement. The promise in Islam is something that must be kept by every promise. The agreement that occurs between the customer and the BMT al Mabruk is something that must be done and become a guide in the transaction. For example, financing transactions, in the customer's agreement must pay installments every month, then the customer must carry out the agreement. Likewise with BMT al Mabruk, if in bmt al Mabruk must maintain collateral goods and in taking profit margins from every monthly financing transaction.
- 5) Fairness has been implemented by BMT al Mabruk, fair here of course bmt al Mabruk has assessed the ability of every prospective customer in savings transactions let alone financing, then fair treatment here has been implemented in accordance with the terms and conditions that have been applied by BMT management. For example, the customer savings mapun deposit customers, of course, the profit share obtained is not the same every customer, the profit share obtained is certainly in accordance with the amount of money saved or deposited by the customer, as well as the treatment to bmt al Mabruk financing customers will certainly analyze in advance prospective customers, whether it is in accordance with their needs or the ability to pay financing every month.
- 6) Gharar is a despicable act. This act will certainly never happen in BMT al Mabruk, because BMT al Mabruk has a sharia supervisory board (DPS) that has been certified and understands the actions prohibited by islam. Every transaction that occurs at BMT al Mabruk will have its reporting at least every year at the general meeting of shareholders (GMS), which discusses the performance of BMT al Mabruk management.

### CONCLUSION

It can be concluded that the strategy of increasing competitive advantage used by BMT al Mabruk Batusangkar in the perspective of Islamic business ethics is:

1. The overall cost advantage carried out by BMT al Mabruk is one of the strategies that can increase bmt profits significantly. This becomes an attraction for customers to make transactions at BMT al Mabruk both in savings and financing transactions. The differentiation strategy used by BMT al Mabruk is a very appropriate strategy in increasing the number of prospective customers because this strategy offers riba-free financing, without fines, Sharia services and pure buying and selling agreements. Focus strategy is used to organize where the market direction of BMT al Mabruk, the target market targeted by BMT al Mabruk is MSMEs, lecturers and employees of IAIN Batusangkar. BMT al Mabruk also fully supports all social activities in the work region.
2. Islamic business ethics conducted by BMT al Mabruk namely (1) not related to riba, (2) the pleasure in transacting both parties, (3) building trust of both parties, (4) holding each other's promises both from the customer and from the BMT al Mabruk, (5) fair, namely the attitude and nature that must be owned by business people, (6) do not conduct business transactions by gharar action.

### REFERENCES

- [1] Hamzah, Y., & Hafid, H. (2014). *Etika Bisnis Islami*. KRETAKUPA Print.
- [2] NKP, S. & D. N. (2018). Pengaruh Orientasi Pasar serta inovasi terhadap keunggulan kompetitif dan kinerja bisnis. *Ejournal Manajemen UNUD*, 7 no.3, 1481–1509.
- [3] Nurmalintang, A. (2017). *Strategi Pemasaran BMT dalam Meningkatkan Keunggulan Kompetitif dalam Perspektif Etika Bisnis Islam*. Skripsi Institut Agama Islam Negeri Raden Intan Lampung.

- [4] Rahma, U. (2018). *Strategi Bersaing BMT Al-Fataya dalam Meningkatkan Jumlah Nasabah di Kota Payakumbuh*. Skripsi Institut Agama Islam Negeri Batusangkar.
- [5] Sumatri, r & Nur, A. . (2015). Teori-teori etika perilaku bisnis dan pandangan Islam tentang perilaku etika bisnis. *I Economics Journal*, 1(1), 1–30.
- [6] Tarigan, A. A. (2016). *Dasar-Dasar Etika Bisnis Islam*. Penerbit FEBI Pers.