



Leadership's Role in Overcoming Ethical Challenges: Implementing Islamic Business Ethics in the Palm Oil Industry

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ABSTRACT

This study investigates the role of leadership in implementing Islamic business ethics at TBS Kelapa Sawit Mega Lestari, focusing on identifying challenges and strategies to overcome them. A qualitative descriptive approach was employed, involving direct observations, semi-structured interviews with 10 key informants (comprising company leaders, field employees, and local farmers), and an analysis of documentation. Findings indicate that the successful implementation of Islamic business ethics—centered on fairness, honesty, transparency, and social responsibility—is heavily dependent on the leadership's ability to educate employees and establish ethically aligned partnerships. Key challenges identified include employees' limited understanding of Islamic ethical principles and inconsistencies with partner companies not adhering to these values. To address these, the leadership implemented Focus Group Discussions (FGDs) conducted quarterly to enhance awareness and introduced measures to collaborate with partners fully aligned with Islamic ethics. This study concludes that while notable progress has been made, continuous efforts are required to standardize ethical practices and foster a culture aligned with Islamic principles within the palm oil industry.

Keywords: *Company; Islamic Business Ethics; Leadership; TBS Kelapa Sawit Mega Lestari.*

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INTRODUCTION

Leadership plays a critical role in aligning organizational practices with ethical values, particularly in sectors prone to ethical dilemmas, such as the palm oil industry. Ethical leadership fosters trust and motivation, enhancing organizational commitment (Bahadori et al., 2021). Islamic business ethics, though extensively studied, remain underexplored in their application to specific industries like palm oil. These principles, which promote fairness and justice in managerial decisions, provide a robust framework for addressing ethical challenges (Alazmi, 2014; Murtaza et al., 2014). Beekun (2012) highlights the relevance of character-centered leadership, inspired by the Prophet Muhammad, in promoting ethical decision-making and cultivating integrity within organizations. Furthermore, integrating Islamic ethics into business practices addresses growing stakeholder demands for accountability and integrity, ensuring long-term success and societal well-being (Harti, 2024). This study examines the role of leadership

in implementing Islamic business ethics at TBS Kelapa Sawit Mega Lestari, focusing on challenges and strategies for sustainable operations.

This research stands out from prior studies by moving beyond the general principles of Islamic business ethics to explore their practical application within the palm oil industry, a sector fraught with unique ethical and operational challenges. Known for its environmental impact and labor issues, the palm oil industry provides a critical context to examine how Islamic ethical principles – such as transparency, accountability, and social responsibility – can be implemented effectively (Liestyowati, 2024). These principles are vital for creating a fair and responsible business environment, particularly in industries where ethical lapses can lead to severe social and environmental consequences (Agustian, 2023). The study also highlights the role of Islamic work ethics, including honesty, justice, and responsibility, in enhancing workplace culture and operational efficiency (Ridwansyah et al., 2023; Laiqkafana, 2023). Furthermore, the findings emphasize the importance of aligning business operations with ethical frameworks to achieve long-term sustainability and societal well-being, as noted in broader discussions on corporate social responsibility within Islamic finance (Koku & Savas, 2014; Hassan, 2016). By providing actionable recommendations for leaders and policymakers, this research not only contributes to the literature but also establishes a framework for ethical decision-making that can be applied across various sectors. This framework is essential for fostering a culture of ethical responsibility and accountability, promoting sustainable practices that adhere to Islamic values (Ismaeel & Blaim, 2012).

A leader demonstrates leadership in diverse contexts, adapting their style to meet evolving needs while balancing authority with relational and ethical dimensions (Silvia & McGuire, 2010; Rukmana, 2007). Effective leadership requires not only technical skills but also the ability to foster trust and collaboration, particularly in environments shaped by multicultural dynamics and innovation (Zhang et al., 2021; Reyaz, 2024). From an Islamic perspective, leadership emphasizes strong relationships with employees and customers, grounded in moral values such as integrity and community welfare, which are crucial for building trust and achieving sustainable success (Engelsberger et al., 2021; Shahin & Wright, 2004). By integrating these principles, leaders can navigate complex challenges while fostering a culture of engagement and ethical accountability within their organizations (Shivers-Blackwell, 2004; D'Souza, 2024).

A leader with a strong belief in God inherently prioritizes adherence to Islamic principles over mere business interests, ensuring that all business dealings align with the ethical framework of Islam. This commitment involves avoiding practices deemed *shubhat* (doubtful) or *haram* (forbidden), even if these practices promise significant profits, as emphasized by Rahayu, who notes that a Muslim businessman must often forgo financial gains that conflict with religious obligations (Rafii et al., 2022; Rahayu, 2023). Additionally, leaders who uphold Islamic law play a critical role in fostering an organizational culture that reflects Islamic values. This includes promoting practices such as timely prayers and greetings among employees, creating a work environment rooted in mutual respect and ethical behavior, which positively impacts business performance (Arifal et al., 2020; Yarar, 2023). The teachings of Rasulullah Saw further highlight the moral challenges of the business environment, describing the market as a space prone to diminishing one's faith, thus underscoring the leader's role in safeguarding their organization's moral integrity and fostering a healthy, faith-aligned workplace culture (Indrianasari et al., 2022).

The application of business ethics, particularly among Muslim entrepreneurs,

fosters structured, responsible business practices rooted in values such as honesty, transparency, and social responsibility, aligning organizational goals with ethical standards and contributing to trust, sustainability, and societal well-being (Sroka & Szántó, 2018; Mas & Karmila, 2023; "From Ethical Principles to Practice: the Growing Importance of Moral Leadership in Education", 2023).

The application of Islamic business principles in the palm oil industry highlights its potential as a sustainable and socially responsible sector. The palm oil business, with its extensive demand across industries such as food, cosmetics, and biofuels, benefits significantly from Indonesia's position as the world's leading palm oil producer and its efficient production processes, making it competitive in the global market (Rosyadi et al., 2021; Tsabita, 2023). Integrating Islamic ethics, such as fairness, transparency, and the concept of *ta'awwun* (cooperation), can foster collaboration among stakeholders in the supply chain, ensuring ethical practices and equitable benefit distribution (Azzumi, 2023). Moreover, implementing corporate social responsibility (CSR) guided by Islamic principles enhances community relations and the industry's image (Zulianih et al., 2020). Additionally, innovation in sustainable practices within the palm oil sector not only improves market competitiveness but also contributes to environmental and social outcomes, garnering consumer loyalty and trust in an ethically conscious market (Solehudin, 2024). Thus, the palm oil industry aligned with Islamic business principles offers a model for achieving economic growth alongside sustainability and social equity.

The application of Islamic business ethics in the palm oil industry is essential to overcome various frauds, such as palm weighing inaccuracies and erratic price fluctuations. These frauds can affect the welfare of farmers, such as unstable wage payments that follow the frequently changing palm oil prices. While the palm oil industry can boost local economic growth and create jobs, negative impacts such as the lack of accurate price information for farmers can increase the likelihood of price gaming. Therefore, this research focuses on the role of company leaders in implementing Islamic business ethics in TBS Kelapa Sawit Mega Lestari.

LITERATURE REVIEW

Leadership

A leader is an individual who utilizes his or her personal strengths, actions, intuition, and character to create a situation where the members he or she leads can work together towards a common goal. Leaders need to have a good and diverse personality and character to understand the various characters of their members or subordinates. By understanding the characteristics of the members, leaders will be easier in guiding, directing, and giving orders to them (Astuti, 2022).

Leaders act as the main driver in an institution and must have high responsibility and the ability to motivate their members to work optimally. This aims to achieve goals effectively and efficiently. According to Malayu and Hasibuan, leaders are individuals who utilize their authority and ability to direct and be responsible for the achievement of common goals (Malayu and Hasibuan, 2007).

Leadership in Islam refers to the roles and responsibilities of a person who is trusted to lead an organization based on Islamic religious principles, such as obeying Allah, prioritizing service to the people, being fair in treating everyone, being wise in making decisions, being a role model and positive influence for others, and being honest and trustworthy (Al-Tanwil, 2017). In Islam, leadership involves the application of

Islamic values in organizational management, such as trustworthiness, justice, and deliberation. Imam al-Mawlawi argues that the role of leadership in Islam is a must in social life (Putri, 2021). The following verse is related to leadership in Islam, in surah Al-Imran verse 159:

فِيمَا رَحْمَةً مِنْ اللَّهِ لَئِنْ كُنْتُمْ تُحِبُّونَ اللَّهَ فَاتَّبِعُوا أَمْرَهُ وَطُوبَىٰ لِلَّذِينَ اتَّخَذُوا دِينَهُمْ لَهْوًا وَيَكْتُمُونَ مَا اللَّهُ لَجَلِيخٍ فِيهِ يَكْتُمُونَ ۚ
عَزَمْتَ فَتَوَكَّلْ عَلَى اللَّهِ إِنَّ اللَّهَ يُحِبُّ الْمُتَوَكِّلِينَ ۙ ١٥٩

It means: "So by mercy from Allah, [O Muhammad], you were lenient with them. And if you had been rude [in speech] and harsh in heart, they would have disbanded from about you. So pardon them and ask forgiveness for them and consult them in the matter. And when you have decided, then rely upon Allah. Indeed, Allah loves those who rely [upon Him]" . (QS. Al-Imran [3]: 159).

Leadership Traits in Islamic Business

Islamic leaders have leadership principles by always accommodating creative ideas from their employees fairly without any restrictions on whoever conveys them. Islamic leadership is carried out in full coordination and is based on the Islamic principles of being objective and respectful, making fair decisions, and being responsible not only to their followers, but also to Allah Swt (Ferryanto, 2015). The main characteristic of leaders based on the Islamic perspective is that all Muslim entrepreneurs must have a close relationship with their employees in order to foster a sense of confidence and foster trust among employees. In carrying out their responsibilities, leaders must always communicate, give speeches, suggestions and also orders to their subordinates (Ferryanto, 2015).

The principles of Islamic business leadership are:

- a. Have dignity and moral value;
- b. Possess knowledge and skills; and
- c. Perform quick thinking in decision-making (Ferryanto, 2015).

As Muslims, it is known that the Prophet Muhammad Saw is the messenger of God to be a role model for mankind in all aspects of life, including in terms of leadership. In accordance with the nature of the Prophet, there are four leadership models inherent in the Prophet. First, *shiddiq* which means true, honest, what it is, and never hide anything. Second, *amanah* which means a person who can be trusted. Third, *tabligh* which means conveying or expressing something to others. Fourth, *fathanah* which means intelligent, clever, and smart (Gumilang, 2022).

Implementation

According to Agustino, Implementation is the implementation of policies in an activity which ultimately produces results in accordance with the policy objectives themselves. Implementation is considered a stage of the policy determination process. Policy implementation is an activity of directing a policy which includes efforts to manage inputs to produce appropriate outputs for the community (Agustino, 2022).

According to Merile S. Grindle, successful implementation is influenced by the content of the policy and the implementation environment (context of implementation). The policy content variable includes several aspects. First, the extent to which the interests of the target group are reflected in the policy content. Second, how much benefit is obtained by the target group. Third, the extent to which changes are expected to occur because of the policy. Fourth, the extent to which the program is right on target

according to its objectives. Implementation environment variables include several aspects, namely:

- a. The level of power, interests, and strategies held by policy makers.
- b. Characteristics of institutions and regimes in power.
- c. The level of compliance and responsiveness of the target group to the implemented policy (Grindle, 2002).

Islamic Business Ethics

Simply put, being an ethical leader means being a moral individual and an ethical manager. In this regard, personal characteristics such as honesty, trustworthiness, integrity, and moral behavior are an important part of ethical leadership (Wirawan, 2013). According to Imam Al-Ghazali, these traits can be developed through three main aspects: knowledge, religion, and morals. Extensive knowledge allows leaders to have a deep understanding and accept constructive criticism. Meanwhile, religion and morals are interrelated; a person who practices his religion well tends to have good morals. Thus, religion and good morals can shape traits such as honesty, trustworthiness, and integrity, which reflect good morality in leadership (Na'im, 2022).

Islamic business ethics is a system of business management or business in accordance with the principles of Islamic law. The main guidelines are the Quran and Hadith, which serve as a moral and ethical foundation for Muslim business people in carrying out their business activities. Islamic business ethics emphasizes individual freedom of action, but at the same time demands responsibility for belief in the power of Allah Swt. Humans are given limits to good and bad behavior. In principle, ethics in the Islamic perspective encourages doing good to oneself, the environment (nature), the social environment, and doing good to fellow humans (Muhammad, 2002).

The basic principles of Islamic business ethics include several important aspects. First, the principle of Unity (Tawhid) emphasizes that Allah Swt sets limits for human behavior, where one must provide benefits without harming the rights of others to achieve the same goal. Second, the principle of Equilibrium teaches that justice is closer to piety and emphasizes the importance of transparent information in business transactions, as well as the prohibition against fraud and doubt. Third, Free Will implies that freedom in business must be exercised without harming the common interest or other individuals. Fourth, the principle of Responsibility emphasizes that everyone will be held personally accountable on the Day of Judgment. Lastly, Benevolence means doing good deeds that provide benefits to others without any obligation (Badroen, 2006).

Leadership Role in Islamic Business Ethics Principles

The role of leaders in implementing the principles of Islamic business ethics is very important and involves several key aspects. In the principle of Unity (Tawhid), leaders are expected to implement faith and piety both in themselves and in their subordinates and ensure the integration of Islamic values in every aspect of the business. This includes adherence to sharia principles, such as avoiding usury, *gharar* and *maisir*, as well as creating a work environment that supports Islamic values by providing time for worship and respecting the rights of employees (Destiya, 2022).

In the principle of Balance, leaders must ensure business profits are not only enjoyed by owners and employees, but also provide benefits to society through charity, zakat, and social activities. In addition, leaders must maintain a balance between the rights and obligations of all parties involved, as well as pay attention to the

environmental impact of business activities and seek to reduce negative impacts.

For the principle of Free Will, leaders need to encourage freedom of opinion among employees, respect the rights of employees in choosing jobs and making career decisions, and avoid coercion and exploitation so that employees feel they are working of their own free will. In the principle of Responsibility, leaders must realize their responsibility to God for all business actions and decisions. They must also ensure that the business provides social benefits, provides a safe and healthy work environment, and conducts business processes transparently and honestly to maintain customer satisfaction.

Finally, in the principle of Ihsan, leaders must set an example in morals and ethics, prioritize quality and excellence in company services, and ensure that employees who interact with customers provide friendly, responsive and fair services (Wahyu, 2016).

Leadership Role in the Implementation of Islamic Business Ethics

In the implementation of Islamic Business Ethics, the role of the leader is an absolute element. A leader must be able to direct, mobilize, and influence his employees to work in accordance with Islamic law. The leader as a role model for employees must be faithful and devoted to Allah Swt, virtuous, honest, trustworthy, not arbitrary and responsible.

To implement Islamic business ethics, leaders must organize and plan activities in accordance with Islamic law. Leaders must emphasize to employees to always work honestly and trustworthy. Honesty means not reducing the scales of goods and not taking large business profits without thinking about customer rights. Leaders also emphasize to employees to behave fairly by maintaining balance in transactions and not monopolizing business and staying away from usury practices.

Leaders' direct employees to apply tolerance in buying and selling transactions and pay debts on time. Business practices must be based on the Qur'an and Hadith, with the belief that sustenance is regulated by Allah and must be grateful. All business activities must follow Islamic law. If employees are found violating the Shari'ah, the leadership is responsible for imposing moral sanctions, such as reprimand or dismissal, according to the level of offense (Amalia, 2013).

Leadership management in Islamic business includes several important principles: First, Tawhid which prioritizes the understanding of the oneness of Allah as the basis for carrying out managerial duties, with the realization that all actions are accountable to Allah. Second, Islamic Business Ethics emphasizes the need for honest behavior and avoiding harmful practices such as fraud and corruption. Third, Justice is expected that leaders treat all parties fairly without distinguishing backgrounds. Fourth, Individual Empowerment requires leaders to provide opportunities for subordinates to develop and innovate. Fifth, Profit Sharing and Social Responsibility emphasizes fair profit sharing and positive contributions to society, as well as the application of the concept of *mudharabah* in profit-based cooperation. Sixth, Consultation and Deliberation underscores the importance of involving employees in decision-making to ensure involvement and listening to various opinions before determining the direction of organizational policy (Shalihah, 2015).

METHODS

This study employs a descriptive qualitative approach aimed at gaining an in-depth understanding of the implementation of Islamic business ethics at TBS Kelapa Sawit Mega Lestari. This approach enables the exploration of experiences, practices, and perceptions of stakeholders regarding the application of ethical values within an organizational context. Data were collected through three primary methods: observation, interviews, and document analysis. Observations were conducted in the workplace to examine daily practices, employee interactions, and work processes that reflect the implementation of Islamic business ethics. Field notes were systematically recorded to document key findings.

Interviews were conducted directly with 10 informants, comprising the Head, Secretary, Treasurer, five field employees, and two farmers around TBS Kelapa Sawit Mega Lestari. A semi-structured interview technique was used to delve into informants' understanding, experiences, and challenges related to Islamic business ethics. The information obtained from the interviews was verified through triangulation with observation and document data. Additionally, organizational documents, such as internal policies, training reports, and operational records, were analyzed to determine the extent to which Islamic business ethics principles have been integrated into the organizational structure.

Informants were selected using purposive sampling to ensure a diversity of perspectives. Subjects were chosen based on their experience and roles within the organization, encompassing various hierarchical levels, including management, employees, and external farmers. This approach aimed to generate data reflecting both internal and external views on the implementation of Islamic business ethics.

Data analysis followed a thematic approach, which included transcribing interviews, coding data based on key themes, interpreting observational results, and integrating findings from document analysis. The main themes identified included understanding Islamic business ethics, challenges in implementation, and the impact on workplace relationships. To enhance the validity and reliability of the research, triangulation of data from interviews, observations, and documents was employed. Additionally, researcher reflexivity was applied to mitigate potential biases during data collection and analysis, while preliminary findings were discussed with several informants to ensure accurate interpretation.

The study is limited by a relatively small sample size and a specific geographical focus, namely Geulanggang Gajah, Darul Makmur District, Nagan Raya Regency, Aceh. Therefore, the findings should be interpreted within the local context and not generalized to the broader palm oil industry. With its systematic methodology and robust data triangulation, this study is expected to provide a comprehensive insight into the implementation of Islamic business ethics at TBS Kelapa Sawit Mega Lestari.

RESULT AND DISCUSSION

The Role of Company Leaders in Implementing Islamic Business Ethics

The implementation of Islamic Business Ethics in a company, such as TBS Kelapa Sawit Mega Lestari, involves a very important role of the company's leadership. Company leaders have a great responsibility in directing, managing, and ensuring that business activities are carried out in accordance with the principles of Islamic Business Ethics.

Leaders of TBS Kelapa Sawit Mega Lestari Company has a great influence in the implementation of Islamic Business Ethics. In its application, the leadership of TBS Kelapa Sawit Mega Lestari always emphasizes to employees to work in accordance with the company's Vision and Mission which already has Islamic Business Ethics values, namely Justice, honesty, transparency and social responsibility. Leaders of TBS Kelapa Sawit Mega Lestari Company are responsible for decisions and policies taken must be based on the principles of justice and openness. This includes the recruitment process, employee development and salary determination (Interview with M. Yusuf).

Leaders of TBS Kelapa Sawit Mega Lestari Company provide salaries to its employees in accordance with the work duties of each employee. The greater the responsibility and workload of a person, the greater the salary given by the leadership. For example, stakeholders such as the Secretary, Treasurer and Head of the Warehouse are given a salary greater than other employees, which is Rp. 3,500,000.00/month, while employees who work as drivers are given a wage of Rp. 3,000,000.00/month, and palm oil loaders are each Rp. 35,000.00/ton with an estimate that each harvest reaches 30 tons per 2 weeks. In addition to accommodating the harvest of surrounding oil palm farmers, the company also has a fairly large oil palm plantation, namely a total of 70 hectares of oil palms spread across the Darul Makmur sub-district. What concerns the author is that when the harvest or the price of palm oil drops, the salary or wages of workers are still given according to the initial agreement when they started working without any reduction, but when the price of palm oil is high the workers are given a bonus by the leadership. This is an effort to prosper workers and can also trigger enthusiasm for work and trigger honesty in work because wages are in accordance with the workload (Interview with Heri Juanda).

Company leaders also play a role in managing resources wisely, including land and the environment around the company. Financial management according to Islamic principles by avoiding usury and compliance with Islamic banking rules is also the responsibility of the leadership to oversee. The implementation of Islamic Business Ethics is a continuous process and requires long-term commitment from company leaders and employees. The role of the leadership of TBS Kelapa Sawit Mega Lestari is also very influential to ensure consistency in the application of Islamic values, so that the company can build a good reputation and create added value for the community.

Leaders of TBS Kelapa Sawit Mega Lestari Company must also supervise and minimize the risk of violations of Islamic business ethics that may be committed by employees. Leaders are responsible for ensuring that business decisions are fair, transparent and social. They ensure that employee salaries and bonuses match workloads and are wise in managing company resources and finances. Leaders also actively oversee the implementation of Islamic values in the company and use activities such as quarterly FGDs to improve employees' understanding of Islamic business ethics and address issues. This demonstrates their commitment to building a sustainable corporate culture that complies with Islamic principles (Interview with Mujahidin and Farhan).

Challenges in Implementing Islamic Business Ethics at TBS Kelapa Sawit Mega Lestari

In the process, the implementation of Islamic Business Ethics in the palm oil industry, as faced by TBS Kelapa Sawit Mega Lestari, may have some challenges. Company leaders need to overcome these challenges to ensure the success and sustainability of the implementation of Islamic Business Ethics at TBS Kelapa Sawit Mega Lestari.

The challenges that arise are very diverse and complex, this is based on how the human resources recruited by TBS Kelapa Sawit Mega Lestari. The main challenge arises from the different levels of understanding and individual awareness related to the principles of Islamic Business Ethics among employees of TBS Kelapa Sawit Mega Lestari. Company leaders minimize this by ensuring all employees have an adequate level of understanding and awareness of the values of Islamic Business Ethics. Providing adequate education and training to employees to understand and implement Islamic Business Ethics can be challenging. This requires time and energy to develop human resources and efforts to improve collective understanding of Islamic values (Interview with Budiarto).

Another problem also arises with small palm scales, some small palm scales weigh 110 Kg including the weight of iron for weighing palm oil, which is around 7-8 Kg, this is because these small palm scales are still manual. But the palm oil collectors still calculate the total weight of 110 Kg so that the impact on losses for palm oil farmers is around 2-3 Kg. This is due to the lifetime of the palm weigher. In order to minimize this loss, some palm oil scales are serviced regularly so that the weight of the palm oil weighing iron must remain at 10 Kg (Interview with Agustiranda).

In addition, another challenge faced by the leaders of TBS Kelapa Sawit Mega Lestari is related to the regulation of the palm oil industry which is often governed by strict regulations and laws. Company leaders need to ensure that the application of Islamic Business Ethics does not conflict with these rules and can be harmonized. The palm oil sourcing process is also very complex and involves various parties. Leaders of TBS Kelapa Sawit Mega Lestari need to work with their business partners to ensure that the entire supply chain follows the principles of Islamic Business Ethics.

From the above discussion, it can be concluded that the leaders of TBS Kelapa Sawit Mega Lestari face several challenges in implementing Islamic Business Ethics. One of the main challenges is the lack of understanding and awareness of employees about the principles, although the leadership has been actively educating through activities such as FGDs. Other challenges include palm oil weighing imbalances that disadvantage farmers and business partners who have not implemented Islamic business ethics, especially if led by non-Muslims. The leadership remains committed to communicating with business partners and considering the transformation of the company. By addressing these challenges, leaders can ensure the successful implementation of Islamic Business Ethics and the sustainability of the company.

In addressing these challenges, company leaders have a strong vision, high commitment, and thoughtful implementation strategies. Collaboration with stakeholders, transparency in communication, and regular evaluation of the progress of the implementation of Islamic business ethics are the keys to the success of the Leaders of TBS Kelapa Sawit Mega Lestari Company in carrying out the company's mandate.

Implementation of Islamic Business Ethics

The implementation of Islamic Business Ethics in TBS Kelapa Sawit Mega Lestari can be seen in several important aspects. First, transparency and integrity are applied in every transaction that is carried out honestly and in accordance with Islamic norms through the sale and purchase contract process. Second, human resource development is carried out by providing discussion space through quarterly activities, such as Focus Group Discussion (FGD), which allows for study and discussion between leaders and employees. Third, social responsibility is realized by providing benefits to the surrounding community through charity and social activities to improve welfare. Lastly,

quality and service are maintained by ensuring that day-to-day business operations are carried out properly, as well as providing complaint services for customers if there is dissatisfaction with the services provided by employees.

CONCLUSION

Based on the results of the discussion, that the process of implementing Islamic business ethics by the Leaders of TBS Kelapa Sawit Mega Lestari is very good, it just doesn't have a standardized system and policy. The leaders of TBS Kelapa Sawit Mega Lestari always provide understanding and emphasizes employees to apply Islamic business ethics such as fairness, honesty, and transparency in transactions. One of them is providing discussion space, namely FGD (Focus Group Discussion) which is held every quarter. In the process of implementing Islamic Business Ethics, company leaders have challenges in the form of lack of understanding of employees regarding Islamic business ethics and still conducting cooperative relationships with companies that have not fully implemented Islamic Business Ethics. But company leaders have minimized this challenge by increasing human resources and have also begun to transform to cooperate with companies that have fully implemented Islamic Business Ethics. Leaders should strengthen partnerships with ethical business partners and enhance employee training programs. Policymakers should consider regulations that incentivize adherence to Islamic business ethics.

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