
Sustainable Economic Development within the Paradigm of Islamic Economics

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Abstract

Global economy today faces imbalances in economic disparities among individuals and countries, as well as disparities between the use of natural resources and their negative environmental impacts. Sustainable economic development considers two main aspects: constraints of natural resources and environmental impacts in the consumption patterns of societies to achieve well-being in the future. The research method employed in this study is qualitative research with a library research approach. Library research involves activities related to gathering bibliographic data, reading, note-taking, and processing research materials. The Quran in Surah Al-Baqarah, Al-A'raf, Ar-Rum and Al-Mulk elucidates on the destruction of natural resources due to human actions, serving as lessons from God resulting from human activities that consciously cause destruction. Humans, as stewards of the Earth, have a duty to protect and manage resources by preserving the environment. The concept of sustainable economic development or green economy aligns with the principles of Sharia economics through the concept of *maqasid al-shariah*. This concept refers to the goals of Sharia that emphasize benefit (maslahah) and the preservation of necessities (al-dharuriyyat).

Keywords: *Sustainable, Maqasid al-shariah*

INTRODUCTION

Economic growth serves as a benchmark for the success of development because it reflects the tangible impacts of development policies, particularly in the economic sphere. According to Meier (1984), economic growth is crucial as without it, economic development lacks meaning. (Zohara n.d.) Economic development encompasses a broad and multidimensional meaning that includes various aspects of societal life. It can be defined as activities undertaken by a state to enhance its economy and the living standards of its people. Therefore, it can also be interpreted as a process aimed at increasing the real income per capita of a country's population over the long term, accompanied by improvements in institutional systems. (Arsyad n.d.)

Economic development has undergone transformation in response to global economic challenges. Presently, the global economy grapples with imbalances in economic disparities among individuals and nations, as well as imbalances between the utilization of natural resources and their negative environmental impacts. In light of these challenges, there is a pressing need for economic development guided by sustainable concepts to achieve balance. (Amsari, Harahap, and Nawawi 2024)

Implicitly, sustainable economic development considers two main aspects: constraints posed by natural resources and the environment on societal consumption patterns to achieve future well-being. Sustainable economic development can be defined as a development activity aimed at meeting current needs without compromising the needs of future generations, while also taking environmental considerations into account. (Solechah and Sugito 2023)

Efforts to achieve sustainable economic development require a deep understanding of Islamic economic values as an approach to balance economic growth with environmental sustainability. Islamic economics applies Islamic law (Sharia) to economic activities. Sustainable economic development can adopt the concept of *maqasid al-shariah*, which focuses on benefit (*maslahah*) and the preservation of necessities (*al-dharuriyyat*). The concept of Islamic economics adheres to Sharia principles with the aim of governing human actions and economic policies according to Islamic law. Indonesia, as the country with the second-largest Muslim population in the world, has the potential to maximize the implementation of Sharia principles in economic development.

Islamic economics is not solely focused on the physical and material development of individuals, society, and nations; it encompasses various aspects with the ultimate goal of achieving well-being. The aim of this research is to understand how economic development can prioritize balancing between profit and environmental sustainability through Islamic economic principles to achieve strong and sustainable economic growth.

RESEARCH METHOD

The research method used in this study is qualitative research with a library research approach. Library research involves a series of activities related to collecting bibliographic data, reading, note-taking, and processing research materials. (Azwar n.d.)

a) Data and Data Sources

Documentary study is a technique for collecting data indirectly through supporting documents. These documents may include diaries, specific work notes, and other relevant documents.

b) Data Collection Techniques

Data collection involves identifying discourse from books, papers or articles, magazines, websites (internet), journals, and other information related to the topic of study. In essence, the research relies on analyzing and synthesizing information gathered from various sources such as books, papers, and online resources to explore the topic comprehensively.

RESULTS AND DISCUSSION

1. Economic Development

Adam Smith addressed the issue of economic development in his seminal work titled "The Wealth of Nations." Economic development is the process undertaken to enhance economic activities and improve the standard of living within a society. (Mulyaningsih n.d.)

Implementation of economic development in developing countries has formed various patterns that later became global paradigms in development (Aedy, 2011). Economic development in these contexts often reflects diverse strategies tailored to the specific socioeconomic conditions of each nation, influencing broader global paradigms in development. (Amsari, Harahap, and Nawawi 2024)

1) Maximal Growth Paradigm

The maximal growth paradigm aims primarily to increase employment, productivity, and production through technological optimization and investment. This approach utilizes the Trickle-Down Effect (TDE), where economic growth is intended to benefit everyone equally. However, in practice, this paradigm often fails to achieve income equality and may exacerbate disparities between the rich and the poor. This is due to the focus on productivity growth without addressing distributional issues among different socioeconomic groups. Thus, addressing inter-group inequalities becomes essential to achieve economic equity alongside growth.

2) Distribution with Growth Paradigm

The distribution with growth paradigm emphasizes achieving a balance between economic growth and equitable distribution across all segments of society. Unlike the maximal growth paradigm focused solely on increasing Gross Domestic Product (GDP), this paradigm prioritizes fair and equitable distribution of economic benefits throughout society.

In this paradigm, the goal is not only to boost overall economic output but also to ensure that the benefits of growth reach all members of society fairly. This approach recognizes that economic development should not exacerbate income inequality but should instead aim to reduce disparities and improve the well-being of all individuals, regardless of their socioeconomic status.

Implementing policies and strategies aligned with the distribution with growth paradigm involves fostering inclusive growth, addressing structural inequalities, promoting social justice, and enhancing opportunities for marginalized groups. This approach aims to create a more balanced and sustainable economic development path that benefits the entire society.

3) Basic Needs Approach

The basic needs approach emphasizes the fulfillment of human basic needs in economic development. This paradigm does not focus solely on economic growth statistics but rather on the community's ability to meet fundamental needs. The goal is to achieve comprehensive societal well-being by ensuring that all individuals have access to basic necessities such as food, shelter, healthcare, education, and employment opportunities.

Unlike other paradigms that may prioritize GDP growth or income levels, the basic needs approach evaluates development based on improvements in quality of life indicators and the reduction of poverty and inequality. It emphasizes human development and social justice, aiming to empower marginalized communities and enhance their capabilities to achieve a dignified standard of living.

Policies and strategies aligned with the basic needs approach include social welfare programs, healthcare initiatives, education reforms, employment creation, and infrastructure development aimed at improving living conditions and ensuring inclusive economic progress. This paradigm underscores the importance of holistic development that addresses human needs and fosters sustainable and equitable societal advancement.

4) Human Development Paradigm

The human development paradigm places human beings at the center, emphasizing overall human well-being rather than solely economic parameters like Gross Domestic Product (GDP). This paradigm focuses on improving the quality of life for individuals through factors such as education, health, life expectancy, and living standards.

In contrast to traditional economic paradigms that prioritize economic growth as measured by GDP, the human development paradigm evaluates progress based on human capabilities and opportunities. It recognizes that true development should empower people to lead fulfilling lives, with access to education, healthcare, and opportunities for personal growth and achievement.

Indicators used in this paradigm include literacy rates, access to healthcare services, life expectancy, and standards of living, reflecting a broader understanding of development beyond economic wealth. Policies and interventions aligned with the human development paradigm aim to enhance human capabilities, reduce inequalities, and promote social justice to create a society where individuals can reach their full potential and contribute meaningfully to societal progress.

5) Sustainable Development Paradigm

The sustainable development paradigm refers to an approach to development that aims to meet the needs of future generations. In other words, this paradigm

emphasizes balancing economic growth with environmental sustainability and social justice.

Unlike conventional development models that prioritize short-term economic gains without regard for long-term consequences, the sustainable development paradigm promotes responsible and inclusive growth. It recognizes the interconnectedness of economic, environmental, and social dimensions of development, aiming to ensure that current actions do not compromise the ability of future generations to meet their own needs. Key principles of the sustainable development paradigm include:

- **Environmental Sustainability:** Ensuring that natural resources are used efficiently and preserved for future generations, minimizing environmental degradation and addressing climate change.
- **Economic Efficiency:** Promoting economic growth that is efficient, inclusive, and sustainable over the long term, fostering innovation and resource productivity.
- **Social Inclusivity and Justice:** Ensuring that development benefits are equitably distributed among all segments of society, reducing inequalities and improving social cohesion.

Policies and strategies aligned with the sustainable development paradigm emphasize renewable energy development, sustainable agriculture practices, conservation of biodiversity, promotion of green technologies, and inclusive governance frameworks. By adopting this paradigm, societies strive to achieve balanced and enduring development that enhances quality of life while safeguarding the planet for future generations.

6) Community Participation Paradigm in Development

The community participation paradigm emphasizes the active and direct involvement of the public in decision-making processes related to development projects. It highlights the importance of dialogue between communities, governments, and the private sector to achieve shared goals.

In this paradigm, community participation is seen as essential for promoting transparency, accountability, and inclusivity in development initiatives. It aims to empower communities by enabling them to contribute their local knowledge, priorities, and needs into the planning and implementation of projects that affect their lives. Key aspects of the community participation paradigm include:

- **Empowerment:** Giving communities a voice and the ability to influence decisions that impact their well-being and environment.
- **Collaboration:** Fostering partnerships between stakeholders, including governments, civil society organizations, and businesses, to leverage diverse perspectives and resources.
- **Capacity Building:** Strengthening community capabilities through education, training, and access to information to enhance their participation in development processes.
- **Sustainability:** Ensuring that projects are responsive to local needs and context, promoting long-term benefits and minimizing negative impacts.

Policies and strategies aligned with the community participation paradigm often involve participatory planning, consultation mechanisms, community-driven development initiatives, and mechanisms for feedback and grievance redressal. By embracing this paradigm, societies aim to foster inclusive and sustainable development that reflects the aspirations and priorities of all stakeholders involved.

7) Self-Reliant Development Paradigm

The self-reliant development paradigm refers to an approach where communities or nations strive for progress and well-being through self-sufficiency. This paradigm emphasizes the importance of local empowerment, skill development, and optimizing local resources.

In this paradigm, self-reliance is seen as a strategy to reduce dependency on external aid and resources, thereby promoting sustainable development and resilience. It encourages communities and nations to harness their own capabilities and resources to achieve economic growth, social development, and environmental sustainability. Key principles of the self-reliant development paradigm include:

- **Local Empowerment:** Strengthening local institutions and capacities to enable communities to take charge of their own development agenda.
- **Skill Development:** Enhancing skills and knowledge within communities to leverage local resources effectively.
- **Resource Optimization:** Using local resources efficiently and sustainably to meet developmental goals.
- **Resilience:** Building resilience against external shocks by diversifying local economies and fostering self-sufficiency.

Policies and strategies aligned with the self-reliant development paradigm focus on promoting entrepreneurship, supporting local industries, investing in education and training, and creating enabling environments for innovation and local enterprise. By embracing this paradigm, communities and nations aim to achieve sustainable development while preserving their cultural identities and enhancing their overall well-being.

8) Sharia Paradigm

The Sharia paradigm refers to an approach to development based on the principles of Sharia as the primary foundation for making policies in economic, social, and political aspects. In economics, the Sharia paradigm emphasizes principles of justice, sustainability, and adherence to Islamic law. Key principles of the Sharia paradigm in economics include:

- **Justice:**** Ensuring fair distribution of wealth and opportunities among all members of society.
- **Sustainability:**** Using resources in a sustainable manner to ensure long-term benefits without compromising future generations.
- **Compliance with Islamic Law:**** Adhering to Islamic principles and ethical standards in economic transactions and policies.

In this paradigm, economic activities are guided by Islamic teachings, which emphasize ethical conduct, social responsibility, and the prohibition of

exploitative practices such as usury (riba) and unfair trade practices. The Sharia paradigm aims to create an economic system that fosters equity, social welfare, and overall well-being while maintaining ethical integrity and spiritual values. Policies and strategies aligned with the Sharia paradigm may include Islamic banking and finance, zakat (charity) collection and distribution, waqf (endowment) management, and promoting businesses that adhere to Islamic ethical guidelines. By adopting this paradigm, societies seek to integrate economic development with moral and ethical principles derived from Islamic teachings.

2. Concept of Sustainable Development

The concept of sustainable economic development is built upon two fundamental pillars: development and sustainability. These concepts are intertwined, meaning there can be no development without sustainability, and vice versa. This approach emphasizes not only focusing on improving one aspect but rather integrating social, economic, and political dimensions to achieve overall improvement.(Yunita and Astuti 2024)

Sustainable development is an economic activity that adheres to the principle of meeting current needs without sacrificing the availability of resources for future generations. There are four core values in sustainable development: environmental sustainability, social sustainability, and sustainable development.(Vita and Soehardi 2022)

Sustainable Development, known as the Sustainable Development Goals (SDGs), is one of the agendas of the United Nations Economic and Social Council (ECOSOC). It encompasses 17 goals aimed at sustainable development.(Badan Pemeriksa Keuangan Republik Indonesia n.d.)

17 Goals of the Sustainable Development Goals (SDGs)



Here is the explanation:

- i. Goal 1, No poverty
End poverty in all its forms everywhere.
- ii. Goal 2, Zero hunger
End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.
- iii. Goal 3, Good health and well-being
Ensure healthy lives and promote well-being for all at all ages.
- iv. Goal 4, Quality education
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
- v. Goal 5, Gender equality
Achieve gender equality and empower all women and girls.
- vi. Goal 6, Clean water and sanitation
Ensure availability and sustainable management of water and sanitation for all.
- vii. Goal 7, Affordable and clean energy
Ensure access to affordable, reliable, sustainable, and modern energy for all.
- viii. Goal 8, Decent work and economic growth
Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all.
- ix. Goal 9, Industry, innovation, and infrastructure
Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation.
- x. Goal 10, Reduce inequalities
Reduce inequality within and among countries.
- xi. Goal 11, Sustainable cities and communities
Make cities and human settlements inclusive, safe, resilient, and sustainable.
- xii. Goal 12, Responsible consumption and production
Ensure sustainable consumption and production patterns.
- xiii. Goal 13, Climate action
Take urgent action to combat climate change and its impacts.
- xiv. Goal 14, Life below water
Conserve and sustainably use the oceans, seas, and marine resources for sustainable development.
- xv. Goal 15, Life on land
Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.
- xvi. Goal 16, Peace, justice, and strong institutions
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels.
- xvii. Goal 17, Partnerships for the goals
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

The Indonesian government's commitment to implementing the SDGs is realized through Presidential Regulation (Perpres) Number 59 of 2017 on the Implementation of Achieving Sustainable Development Goals. This regulation signifies that the implementation of SDGs can be carried out participatively, involving various stakeholders including national and regional governments, as well as all segments of society including academia, philanthropy, businesses, and organizations. (Badan Pemeriksa Keuangan Republik Indonesia n.d.)s

3. Sustainable Economic Development in the Paradigm of Islamic Economics

A paradigm is a set of views that connect abstract ideals with observable practical images. The paradigm of Islamic economics reflects perspectives and behaviors aimed at achieving *falah* (success or prosperity). Simply put, Islamic economics is hierarchically and integratively structured, meaning it is not just about creating a fair and harmonious economy, but is built upon the desire to achieve *falah*, which is then internalized through the values and principles of Islamic economics. (P3EI BI 2013)

The Quran in Surah Al Baqarah (verses 11, 12, 30, and 205), Al A'raf (verse 56), Ar Rum (verse 41), and Al Mulk (verse 3) discusses the consequences of human actions that lead to the degradation of natural resources, and emphasizes that humanity will learn lessons from God due to these conscious acts of destruction. Humans, as stewards (*Khalifah*) on Earth, have a duty to protect and manage resources while ensuring environmental sustainability. An ecosystem is considered sustainable when environmental integrity is maintained, which includes avoiding pollution of water, soil, and air through irresponsible waste disposal practices, and ensuring the replenishment of forests lost due to deforestation through reforestation efforts. (Asriadi, Harahap, and Nawawi 2024)

Maqashid syariah is the primary concept in Islamic law that refers to the objectives and purposes of *Shariah*. The concept of sustainable economic development or green economy aligns with the principles of Islamic economics through the lens of *maqashid syariah*. *Maqashid syariah* encompasses the main objectives of Islamic law, which can be divided into two parts: (1) the objectives behind the creation of *Shariah* by Allah, and (2) the objectives for which humans implement *Shariah*. According to As-Shatibi, the primary objective of Islamic law is to achieve human welfare, which is based on protecting its five essentials (*maslahah*): (P3EI BI 2013)

- 1) *Hifdzu ad-din*, which means the protection of religion.
- 2) *Hifdzu an-nafs*, which means the protection of life.
- 3) *Hifdzu al-aql*, which means the protection of intellect.
- 4) *Hifdzu an-nasl*, which means the protection of progeny.
- 5) *Hifdzu al-mal*, which means the protection of wealth.

Ekonomi Islam is built on a religious foundation because it is part of Islam, meaning its various aspects follow Islamic teachings. Islamic economics is founded on the rational behavior of individuals adhering to *falah* (prosperity). (P3EI BI 2013)

Islamic economic development encompasses the implementation of *Sharia* principles in planning, implementation, and policy formulation to achieve prosperity

and benefit society at large (Smith, 2022). Here is an explanation of the components of Islamic economic-based development:(Amsari, Harahap, and Nawawi 2024)

- a. Development Goals
Enhancing human welfare and happiness in both worldly life and the hereafter by adhering to the principles of Islamic Shariah.
- b. Development Focus
Comprehensive empowerment of individuals encompassing economic aspects, mental attitudes, and physical as well as spiritual needs.
- c. Core Principle
Balancing individual interests with societal interests, harmonizing material and spiritual elements, and ensuring sustainability from an Islamic perspective.
- d. Development Targets
Building a society that considers the well-being of both this world and the hereafter, achieved through five ordained behaviors.
- e. Resources
Sustainable utilization of natural and human resources, emphasizing social and ecological responsibility.
- f. Inclusivity
Ensuring that all layers of society participate in and benefit from the development process.
- g. Oversight
Supervision driven by conscience, based on belief in the existence of Allah and accountability in the hereafter.
- h. Implementation Method
Implementation of Shariah teachings, economic regulations, legislation, and general economic governance.

Implementation of economic development faces fundamental issues that are almost identical between Shariah-compliant and conventional systems, concerning what to produce, how to produce, and for whom the production is intended. The difference lies in Islamic economics where economic activities are aimed at preserving *maslahah* (public interest or welfare), ensuring that economic activities meet necessary needs. There are three reasons why *maslahah* is prioritized in Islamic economics.(Hidayat, Rizal, and Fahrudin 2018)

- 1) *Maslahah* is subjective in nature, as each individual can determine what constitutes *maslahah* according to their personal beliefs. However, *maslahah* must conform to Islamic principles, such as abstaining from consuming alcohol.
- 2) Conflicts of interest between individual interests and social interests need to be minimized.
- 3) The concept of *maslahah* applies to all aspects of economic activity in society, including production and consumption.

CONCLUSIONS

The biggest challenge in today's era of globalization is the imbalance between increasing economic growth and its environmental impacts. The current global economy faces significant disparities in economic prosperity among individuals and nations, as well as an imbalance in the use of natural resources that leads to negative environmental consequences. Therefore, sustainable economic development is needed to achieve this balance.

The Quran, in Surah Al-Baqarah (verses 11, 12, 30, and 205), Al-A'raf (verse 56), Ar-Rum (verse 41), and Al-Mulk (verse 3), describes the consequences of human actions that lead to environmental degradation, which serve as lessons from God due to mankind's conscious acts of harm. As stewards (Khalifah) of the Earth, humans have a duty to protect and manage resources to preserve the environment. The concept of sustainable economic development or green economy aligns with the principles of Shariah economics through Maqasid Shariah. Maqasid Shariah is the fundamental concept in Islamic law that refers to the goals and purposes of Shariah. Islamic economics is not solely focused on the physical and material development of individuals, societies, and nations but considers various aspects with the ultimate goal of achieving well-being or "fallah".

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