

## THE ROLE OF SHARIA ECONOMIC ETHICS IN SUSTAINABLE PRODUCTION

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### Abstract

This study aims to analyze the role of Islamic economic ethics in guiding production practices that align with Islamic values, focusing on key principles such as justice, honesty, responsibility, and sustainability. Employing a qualitative approach with a literature study method and normative analysis of primary sources including the Qur'an, Hadith, and scholarly perspectives, this research examines the ethical foundations that govern production activities in Islamic economics. The findings indicate that the application of Islamic ethics encourages morally responsible business behavior, ensuring a balance between material objectives and spiritual values. Furthermore, integrating these ethical principles into production practices promotes fairness, transparency, and accountability, while supporting environmental and social sustainability. The study concludes that Islamic economic ethics play a vital role in fostering equitable and sustainable economic growth, contributing to societal welfare and long-term economic stability. This research offers valuable insights for policymakers, business practitioners, and academics by highlighting the significance of Islamic ethics as a comprehensive framework for ethical production that balances profit-making with social and environmental responsibility.

**Keywords:** economics; economic growth; islamic economy; islamic value; responsibility.

### Introduction

Allah has created life on this earth by providing various resources needed for human life. This has been summarized in the Quran letter Al-baqarah verse 29. Where Allah says:

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
هُوَ الَّذِي خَلَقَ لَكُمْ مَّا فِي الْأَرْضِ جَمِيعًا ثُمَّ اسْتَوَىٰ إِلَى السَّمَاءِ فَسَوَّاهُنَّ  
سَبْعَ سَمَاوَاتٍ وَهُوَ بِكُلِّ شَيْءٍ عَلِيمٌ ﴿٢٩﴾

Image 1. Al-baqarah

Meaning: "It is He (Allah) who created all that is on earth for you, then He went to (create) the heavens, then He completed them into seven heavens. He knows all things."

As for further explanation by Allah regarding the availability of these resources to be utilized as best as possible by humans. It is found in QS Saba' verses 10-11.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
وَلَقَدْ آتَيْنَا دَاوُدَ مِنَّا فَضْلًا يُجِبَالٌ أَوْبِي مَعَهُ وَالطَّيْرَ وَالنَّارَ لَهُ الْحَدِيدُ ﴿١٠﴾  
أَنِ اعْمَلْ سَابِغَةً وَقَدِّرْ فِي السَّرْدِ وَاعْمَلُوا صَالِحًا إِنِّي بِمَا تَعْمَلُونَ بَصِيرٌ ﴿١١﴾

Image 2. QS Saba

Meaning: “And indeed, We have given Dawud a bounty from Us. (We said), “O mountains and birds! Praise again and again with Dawud,” and We have tempered iron for him. (i.e.) make great armor and measure out the plait; and do good. Indeed, I am All-Seeing in what you do.”

It can be concluded that production in Islam is every activity in changing the resources provided by Allah swt. into goods and services that can provide *maslahah* (physical and non-physical benefits) to meet human daily needs. In economic activities, including this production activity, Allah gives freedom to humans in carrying out the process (Bhuiyan et al., 2020). However, freedom in Islam is limited by values or ethics and principles that are in accordance with God's rules as stated in the Qur'an and Hadith.

## Research Method

This research employs a qualitative approach using a literature study method (library research) as its primary data collection technique. The data sources consist of both primary and secondary literature relevant to the study of sharia economic ethics in the field of production. Primary sources include the Qur'an, Hadith, and authoritative works by classical and contemporary Islamic scholars. Secondary sources comprise peer-reviewed journals, academic books, and scientific articles that explore concepts of Islamic economic ethics and their practical applications (Purwati & Komalla, 2023).

The selection of literature was conducted through a systematic search using academic databases such as Google Scholar, Scopus, and institutional repositories. The inclusion criteria for selecting sources were their relevance to the research topic, credibility of the authors or publishers, and publication within the last ten years to ensure the use of updated perspectives, except for classical sources deemed fundamental in Islamic studies.

For data analysis, this study adopts a normative analysis approach. The selected literature is reviewed and interpreted in accordance with Islamic legal and ethical frameworks, focusing on key sharia principles such as justice ('*adl*), honesty ('*sidq*), responsibility ('*amanah*), sustainability ('*istidamah*), and compliance with halal standards. The analysis involves extracting key themes, comparing scholarly interpretations, and synthesizing findings to develop a comprehensive understanding of how sharia ethics are applied in production activities. This approach ensures that the analysis remains consistent with Islamic jurisprudential methodologies while addressing contemporary production challenges.

## Result And Discussion

### Freedom of Production

According to the Big Indonesian Dictionary, freedom comes from the word “*bebas*” which means completely free, in the sense of being unhindered, undisturbed. Freedom can also be defined as the ability to act or change without restriction (Lakoff, 2024). Meanwhile, production means carrying out activities to produce goods or services that will be utilized by consumers. From these two definitions, it can be concluded that freedom of production is the right of an individual or group to determine what, how, and how many goods or services they will produce (Naini et al., 2022).

The first purpose of production is to fulfill the needs of each individual and the second is to realize the independence of the people. This happens when human freedom in organizing their life needs is based on the guidelines of the Qur'an and sunnah (Abadi & Khan, 2023).

In Islam, this freedom is not absolute, but limited by the values and principles of sharia (Rohidin et al., 2023). This is because, production in the Islamic economy is not only to produce goods and services but the exploration of the resources provided by Allah SWT must be a *maslahat* (meet human needs) which will be held accountable in the hereafter. Therefore, Islamic economics places freedom as an integral part of the responsibility of every person on earth.

Freedom of production in Islam is a concept that balances individual freedom with social responsibility. Islam provides a wide space for humans to be creative and work, but still provides clear boundaries so that production activities do not harm themselves, others, or the environment (Anggadwita et al., 2021). The principles in question are:

#### A. *Maslahat*

All production activities must be oriented towards *maslahat* or benefits for mankind. The products produced must be halal, good, and useful.

## **B. Justice and Balance**

The production process must be carried out fairly. There should be no exploitation of workers or consumers. This principle of balance not only includes equality between income and expenditure, growth and distribution and between the incomes of the well-off and the less well-off (Adhi et al., 2024). However, in utilizing natural resources, a Muslim must not be greedy and cause damage as well as after acquiring wealth/profit. Optimal resource allocation will provide a sense of justice for society. This is because nature will not be exploited only for the benefit of a few. Therefore, it is important to manage natural resources optimally, meaning that it is not wasteful, excessive, or damaging to the environment.

## **C. Responsibility**

Producers are responsible for the products they produce. Products that are harmful or harmful to others should be avoided. This is because in Islam, everything is returned to God and the responsibility of humans is only as servants and bearers of God's mandate, namely to prosper the earth (Julhadi & Faiz, 2022). Therefore, production must be understood thoroughly starting from the initial process of procuring raw materials (input) to the finished product (output).

## **D. Free will**

According to Yusuf Qardhawi, the freedom given to humans by Allah is to develop their creativity and expertise to develop tools, facilities and infrastructure to carry out the production process. There is no prohibition for humans to develop their expertise in developing facilities and infrastructure in the production process as long as it does not violate the provisions of Allah and provides benefits to society.

Although it provides freedom, Islam also provides restrictions on production activities. Some of these are:

1. Prohibition of production of haram goods  
Many verses strictly prohibit the consumption and trade of haram goods such as liquor, pork, drugs, and goods containing usury/gharar/maisir.
2. Prohibition of harmful production processes  
This includes the prohibition of monopolistic practices that can harm consumers and eliminate fair competition. Exploitation of workers such as not providing appropriate wages, overwork, or production processes that produce hazardous waste to the environment.
3. Production objectives that are not in accordance with Islamic law  
If the main purpose of production is only to achieve maximum profit without considering social and environmental aspects, it is certainly prohibited in Islam. The purpose of production should not only be to pursue material benefits for oneself but must be able to be a benefit for others (Komariah & Nihayah, 2023). In addition, it is also prohibited to sell products that harm consumers such as selling products that do not match the promised quality or deceiving consumers (overclaim).

## **Freedom of Production in Islamic and Conventional Perspectives**

In Islam, freedom is not an absolute right because it has limits. This is in contrast to conventional freedom of production which generally prioritizes individual freedom of production without many restrictions (Malik et al., 2021). Islam emphasizes on social aspects, ethics, and balance, while the conventional perspective focuses more on aspects of individualism and liberalism. The difference between the two can be seen in several ways:

1. The purpose of production  
In conventional economics, the purpose of production is to obtain maximum profit and minimize costs, while in Islamic economics, the purpose of production is to provide maximum benefit for consumers.
2. Production ethics  
Islamic economics limits production activities to moral and ethical values. It is different from the conventional one which emphasizes on individual freedom.
3. Regulation/law  
There are Islamic laws that regulate as well as maintain that production activities are fair and balanced so that the profit (provit) obtained is balanced with the capital or effort made. Conventional economics relies more on the market mechanism, which leaves most economic decisions to the interaction between supply and demand in the market.

#### 4. Competition

In Islamic economics, it is emphasized not to harm other parties such as the prohibition of monopoly, prohibition of hoarding supplies. Whereas in conventional competition is free, has no limits.

#### **Freedom of Market**

Freedom to market is the right of individuals or firms to produce, distribute, and sell goods or services without significant constraints from the government or other parties. In an economic system that embraces freedom of market, the government generally acts as a regulator that creates a conducive business environment, but does not directly interfere in market activities (Negara & Jened, 2024).

The first characteristic of freedom to market is free competition, there are many economic actors who compete with each other to get consumers, the second is flexible prices, prices are determined by the interaction between supply and demand in the market, and the third is free information, the availability of complete and accurate information about products and prices in the market the fourth mobility of production factors, production factors such as labor and capital can move freely from one sector to another and lastly minimal government intervention, the government limits its interference in market activities, except for the purpose of maintaining economic stability and protecting consumers.

The main objective of market freedom is to achieve economic efficiency and improve the welfare of society. The following is a more detailed explanation of these objectives:

##### **A. Economic Efficiency**

1. **Optimal Resource Allocation.** Freedom to market allows economic resources, such as labor, land, and capital, to be allocated to the most productive sectors (Challoumis, 2024). Thus, the production of goods and services can be done at the least possible cost.
2. **Innovation and Technology.** Healthy competition encourages firms to continue to innovate and develop new technologies. This will improve productivity and product quality.
3. **Efficient Pricing.** The market mechanism will determine prices that reflect production costs and consumer demand (Fabra et al., 2021). Efficient prices will encourage consumers to make rational choices.

##### **B. Improving Community Welfare**

1. **Wider Consumer Choice.** Freedom to market gives consumers more choices of products and services (Jain et al., 2021). This allows consumers to better fulfill their needs and preferences.
2. **Better Quality of Life.** With innovation and competition, consumers can enjoy better quality products and services.
3. **Economic Growth.** Freedom to market can promote faster economic growth, which in turn will increase per capita income and reduce poverty levels.

##### **C. Key Principles of Freedom of Market**

1. **Many Economic Actors.** There are many economic actors who compete with each other for consumers.
2. **Open Information.** Information about products, prices, and market conditions must be easily accessible to all parties.
3. **Mobility of Production Factors.** Production factors such as labor and capital can move freely from one sector to another.

##### **D. Flexible Pricing**

1. **Market-Determined.** Prices of goods and services are determined by the interaction between demand and supply in the market.
2. **Price Mechanism.** Prices serve as a signal for producers and consumers to make economic decisions.

##### **E. Private Property Rights**

1. **Resource Ownership.** Individuals and firms have the right to own and manage the resources at their disposal.
2. **Incentives.** Private property rights provide incentives for individuals to work hard and innovate.

##### **F. Contract Free**

1. **Voluntary Agreement.** Individuals and companies are free to enter into agreements or contracts with other parties.
2. **Legal Certainty.** Valid contracts must be respected and protected by law.

## **G. Minimal Government Intervention**

1. Role of Government. The government acts as a regulator to maintain fair competition and protect consumers.
2. Conducive Business Environment. The government creates a business environment conducive to economic growth.

## **Freedom of Market in Sharia Economics and Conventional Economics**

### **A. Freedom of Marketing in Sharia Economics**

In Islamic economics, freedom to market is not absolute. This principle is always associated with the values of justice, benefit, and balance. Some of the main principles in freedom of marketing according to Islamic economics are:

1. Justice. Every individual has the same right to participate in economic activities and get fair benefits from the results of their efforts.
2. Beneficence. Economic activity must provide benefits to society at large, not just to certain individuals or groups.
3. Balance. Economic freedom must be balanced with social and environmental interests.
4. Prohibition of Usury. The practice of usury (interest in financial transactions) is prohibited in Islam because it is considered unfair and detrimental to society.
5. Prohibition of Monopoly. Monopoly and other unhealthy business practices are prohibited as they can harm consumers.

### **B. Freedom of Market in Conventional Economics**

In conventional economics, freedom to market is often associated with the principle of laissez-faire, which is the lack of government intervention in the economy. The main principles in freedom of market according to conventional economics are:

1. Free competition. There are many economic actors who compete with each other for consumers.
2. Flexible pricing. Prices are determined by the interaction between supply and demand.
3. Private property rights. Individuals and firms have the right to own and manage the resources they own.

## **Conclusion**

In conclusion, production ethics serves as a crucial moral framework that ensures companies balance their operational freedoms with social and environmental responsibility. While the principles of freedom in production and marketing encourage innovation and competitiveness, they must be grounded in ethical practices that protect consumer rights, employee welfare, and environmental sustainability. This study contributes to the understanding of how ethical considerations in production are essential for maintaining long-term business credibility, fostering consumer trust, and supporting sustainable economic growth.

The broader implication of this study is that integrating production ethics into corporate strategies can enhance not only the company's reputation but also its competitiveness in increasingly conscious markets. Therefore, it is recommended that companies develop clear ethical guidelines for their production and marketing processes, supported by transparent policies and regulatory compliance. Additionally, policymakers and industry regulators should collaborate to strengthen the enforcement of ethical standards in production to ensure fair competition and consumer protection.

Future research is suggested to explore how different industries implement production ethics in practice and assess the impact of ethical production on customer loyalty and corporate sustainability.

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