

## ECONOMIC DEVELOPMENT IN AN ISLAMIC PERSPECTIVE

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### ***Abstract:***

Economic growth and development are the most common aspects of strategy economic policy, but as countries develop and progress, at another level Poverty is increasing drastically and has various problems in other economic sectors. The aim of this research is to discuss rumors that occur in the development of an Islamic-based economy. By studying growth and development which includes internal economic development building the welfare of the people, how to improve human resources, and what role and state responsibility in Islam. This research method uses library research. and using descriptive analysis. The results of this study indicate that rumors of growth and Economic development is a point of interest for experts in Islamic economic studies. Mostly directly economic growth and development, summarized in the teachings of the Koran, Sunnah and thinkers Islam before. It has become a very serious focus point on improving building prosperity ummah, human resources and capacity to improve the position of human dignity which emphasizes the growth and development of the Islamic economy, and the role and responsibility of the state in Islam.

### **Aspect Introduction**

The most important aspect of any country's economic policy or economic system is economic growth. Overall, it is reasonable to believe that more economic opportunities will result in increased justice ( Rakhmawati, A., Nizar, M., & Murtadlo, K. (2019) ). This is undoubtedly true. Over the last two centuries, global economic development has had two very important effects. The first is prosperity or an increase in living standards achieved by the global community, and the second is sustainable population growth. Economic growth refers to the development of economic activities. This will improve the products and services produced by society and improve social welfare. This economic growth problem is seen as a long-term macroeconomic problem of a country's ability to produce

goods. However, despite rapid progress in science, technology and other sectors, industrialized countries continue to experience excessive poverty and various other economic problems (Nizar, M. (2018)). However, the situation is much worse in poor countries. Most people on this earth continue to experience various life challenges, income disparities and unemployment. And the onset of the world financial crisis, which worsened economic conditions in many countries, made matters worse. Economic development requires continuous improvement in the well-being of a country's population over a very short period of time. First, although national income increases and local welfare increases, high economic growth does not always mean growth of the lower class. increased regional economic growth as a result (Nizar, M. (2017)). Therefore, economic development focuses more on improving people's welfare rather than increasing state income. Islamic economics, on the other hand, has a much broader and more comprehensive goal, namely that economic development not only builds a social economy but also a spiritual attitude that develops the whole person. not only physical needs, but also transcendental spiritual needs. Economic development that increases the number of products and services produced by society is modern economic growth. It specifically sought to solve the problems autonomous poor countries (developing countries) faced after the Second World War when it came to developing economies. However, In fact, poverty levels in developing countries are increasing. Still not yet possible to overcome the main problems that affect economic progress, such as poverty, unemployment, social and economic disparities between individuals. The fact that other factors such as social legislation, politics, culture and other development variables are not included is one of the causes. In this research, researchers will examine how economic development not only contributes to national economic development, but also to economic development from an Islamic perspective which is regulated in Islamic teachings. Previous research such as research from Rakhmawati, A., Kusumawati, A., Rahardjo, K., & Muhammad, N. (2020) discussed economic development, economic growth, growth strategies and economic development in

the national era, but research on economic development from a Islam, which also contains verses from the Koran, is still minimal. So researchers are interested in studying economic development from an Islamic perspective which is also supported by verses from the Koran.

## **Methodology**

This research library study is a library study, meaning that information is collected through the use of library sources, such as literature searches (Nizar, M., Jamhuri, M., & Rakhmawati, A. (2024)). Sources related to the subject under study are what is meant by literature. Understanding the literature will help understand the nature of the problem faced, understanding the literature will help understand the purpose of the problem. The concept of economic development in Islam is the basis for the study in this research methodology. This research analysis uses descriptive analysis which explains and tests the research emphasis on ideas related to economic growth and economic development in Islam. By using data collection instruments, research procedures were carried out. To collect data for research, libraries are used (Nizar, M., Ratnasari, R. T., & Usman, I. (20): First, collect primary data by compiling character writings that discuss the subject being investigated. Then read and look for other writings by that character on different subjects. The second step is to look at other people's writings about the subject under study as secondary data. After data collection, the data will then be examined in various ways, including: By interpretation, namely to correctly understand the data, facts and symptoms. Coherence: When debates are properly captured in sequence, everything is seen in terms of how one conversation fits with another. Heuristics: researchers try to find new knowledge based on new materials and approaches (Sintawati, D., Nizar, M., Iltiham, M. F., & Farida, A. (2023)).

## **Results and Discussion**

### **State Economic Development Increases People's Welfare**

The term economic growth refers to an increase in a country's gross domestic product. Exponential growth is an increase shown by a fixed percentage of the total at a certain time. Economic growth is the most widely used indicator of a country's economic performance. Economic growth is often expressed in terms of GDP growth, gross domestic product (GDP), GDP per capita and Income per capita. All of these measures only reflect economic values, not the importance of currently developing science, so the traditional concept has weaknesses. Therefore, these indicators do not show losses due to population growth, pollution, overpopulation or natural disasters. In addition, it does not reflect aspects of distribution or fairness.

With the development of economic growth, it is hoped that wealth and prosperity will emerge. Prosperity, true prosperity, however, is the result of a coordinated process of economic expansion and distribution that can produce equitable expansion. (Nizar, M. (2022)) explains that one of the concepts related to the welfare of the people is the concept of dharuriyah, which is a basic need, which refers to all important demands that are met by taking into account the needs and lifestyle of the community. This is absolutely necessary in order to properly and in accordance with Islamic teachings achieve humanitarian goals. This is usually referred to as al-dharuriyah al-khamsah, claims As-Syatibi. In particular, protection of property, genealogy and religion. However, concepts and definitions of well-being vary greatly depending on how they are used. Related to the QS letter. 106: 1-4 is a wonderful concept. In relation to poetry, the concept of well-being has four main indicators. The first is the Islamic value system, the economic strength of business (industry and trade), the third is the fulfillment of basic needs and the fourth is the distribution system, security and social order.

1. The first indicator of prosperity, when the importance of the values of Islamic teachings is prioritized in the economic life of a country. If we are diametrically opposed to God's law, we will never experience true prosperity. On the contrary, it is the reason why the well-being and benefits of human life are lost.
2. The second indicator, or how industry and commerce can be strengthened, is that prosperity is not possible when economic activity occurs in the commercial sector. Most jobs are consumed by this commercial sector, which also serves as the foundation of the Islamic economy. Because the real sector is the basis for all sharia financial contracts and transactions, sharia finance itself aims to boost the performance of the real sector.
3. The third indicator is the distribution network and meeting fundamental demands. If the basic needs of a society are not met, it cannot be considered prosperous.
4. Fourth, factors related to social order and security are used to measure welfare. If destructive friction and conflict between groups and groups in society can be avoided or reduced, then society is said to be prosperous. Prosperity cannot be achieved through anxiety and insecurity.

The pillars of Islamic economics discussed above show how the material and spiritual, the worldly life and the afterlife, and the private and public spheres are all interrelated. The balance and success of people and societies in achieving their goals depends on how these aspects are balanced and beneficial. The benefits in question are not only related to personal and company profits but also the interests of society (Widiastuti, T., Herianingrum, S., Ningsih, S., Setiwati, A., Latifah, F. N., Ulfi, I., ... & Mubarrok, U. S. (2020)). Islamic economic ideas include the study of economic expansion and development. Basically, this idea is packaged explicitly and implicitly in the teachings of the Koran, Sunnah and previous Islamic scholars; However, in recent decades, there have been very important limitations on how this idea is reproduced, mainly due to its development strategy and certain formulas in the plan. Islam views economic progress as the expansion of human maturity; hence, material progress today is

inevitable and requires the strength of spiritual maturity to be maintained. Prioritizing several important goals is necessary. Growth in the area results, for example, in excellent jobs, financial stability, equitable justice, and qualities that include an interest in nature.

### **Efforts to Improve Human Resources**

Improving and constructing humans as a whole and in totality is the first step in improving human resources, because it is very important to develop human resources in accordance with their material (physical) and mental (psychological) needs. Therefore, human resources are very important for effective development, starting with the Population plan, age structure, composition, distribution, income and distribution, education level, liquidity, employability, and health, including talent, are important indicators of how well development walk. Building human resources through the development of handicrafts which received proper recognition as a poverty alleviation sector, especially among rural communities, under the Malaysian government's Fourth Malaysia Plan (1981-1985) program. The aim is to revive economic sectors that are highly dependent on local consumers (Rakhmawati, A., Nizar, M., Sulhan, M., Febrianti, D., & Maulinda, S. (2024)). Because the goal of social welfare in sustainable development relies on existing social, economic and environmental potential, the existence of crafts as an economic sector is in accordance with this principle.

The four steps of the human resource development process can be completed in several ways (Wahid, K., & Mutafarida, B. (2023)): Creating the necessary personnel for the future Estimate the number of employees who will come Create policies and initiatives to meet each talent need Assess the impact of staff development and human resource effectiveness Hadari Nawawi said in a different statement, the human resource development program discusses various topics, including: increasing work ability, dedication, work enthusiasm, increasing work discipline and objectivity, as well as work motivation training.

There are several approaches to human resource development (Zainuddin, U., Iffa, M., Fajria, N., & Aulia, S. M. (2020)). One of them is caused by academic activities. Through practice, by doing business you can make the best use of these resources. Islamic economic theory is based on the idea that the role of human resources, both individuals and members of society, is the role of Allah's khalifah on earth (Ferdiansyah, M., Ramdani, M., Permana, M. B., Rahmawati, T., & Triadi, D. T. H. (2023)). As caliphs of Allah SWT we must understand that this earth is not absolutely ours. As trustworthy guardians of Allah, our only obligation is to ensure the prosperity of the world and everything in it. Because one day we will be held responsible for everything we do (Fardiansyah, M., & Utomo, Y. T. (2023)). This is the superiority of the idea of Islamic development over other concepts which place accountability or responsibility for everything that is done and the role of humans in the highest and most respected position. Human resources function as Allah's caliphs on earth for the welfare of this planet, and are responsible to Allah regarding the management of the resources that have been entrusted to them (Latifah, S. (2020)).

Talking about human resources, there are actually two aspects that need to be considered: quality and quantity (Irawan, H., Dianita, I., & Mulya, A. D. S. (2021)). Both as a development goal and as an end in itself, human resources must play a dual role. Human resources are a development goal to obtain welfare rights, and they play an important role as development actors who have an important impact on program development. Basically, humans are designed to interact well in society and help each other meet their needs. Apart from that, there are four criteria that form the basis for assessing human resources in a company. From an Islamic perspective, social development, especially culture and social values, influences the performance of human resources. It is fitting that sharia management should be based on those who embody Islamic values. There are four ways to develop quality human resources (Effendy, Y., Andriawan, A., Rawati, M., Hawari, R., & Al-Amin, A. A. (2024)), namely: Islamic ideals and morals, such as monotheism, justice, Siddiq, Amanah, Fathanah, and Tabligh,

must be demonstrated by human resources. Muslims must adhere to and implement these principles. Payment and emphasis on meeting basic human resource needs. Moral and religious considerations. Organizational structure and system (Ukhuwah Islamiyah).

### **The Role and Responsibilities of the State in Islam**

According to Islamic economic theory, the state has the duty and responsibility to uphold justice in the economy, stop injustice, and punish violators of economic laws. In reality, Islam does not have a type of government controlled by Islam. It is up to Islam to be able to carry out *ijtihad* by taking into account the various standards and interests that are present at any time. When we discuss economic issues, we focus on macroeconomic issues. Economic growth, erratic economic activity, unemployment, and inflation are some of the most important problems a country may face economically.

Islam believes that the government's task is more than just maintaining internal security country and defense against external attacks. But to achieve the goal of a prosperous and just society, these government obligations must be integrated into a plan. Without government intervention in protecting the weak and providing social security to the weak, especially those who have economic problems, justice in society will not be possible.

When assets are obtained in a manner permitted by the Shari'a and the owner uses them in a manner that is morally correct, straightforward and honest, then the role of the government according to Islam is that the remaining assets owned by the owner must be safeguarded by the state, and their security is guaranteed by property rights law. Except for detrimental conflicts or conflicts resulting from the disregard of one party's rights by another party acting arbitrarily, the government has no right to get involved in internal company disputes. In this case, the state must step in to protect the oppressed. In accordance with what Allah has commanded, humans must protect their property rights. In this regard, the Prophet Muhammad SAW issued many



warnings to his followers, emphasizing that one of the best ways to live in prosperity is to use one's resources carefully and economically, especially in the face of economic disasters that occur beyond one's control (Suardi, D. (2021)). As explained in the Al-Qur'an surah Al-Baqarah verse 188:

وَلَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبُطْلِ

Meaning: And do not let some of you consume the wealth of others among you in a false way.

By regulating public facilities and social security systems, the state functions to uphold economic justice, markets, and ensure that needs are met. Despite the fact that Islam generally recognizes the function of the state, Islamic economic ideas do not ignore the importance of individual freedom.

Muhammad Nejatullah Ashshiddiqi emphasized that the state has four different roles:

1. Ensure that everyone upholds economic and ethical ethics Islamic business through education and, if necessary, coercion.
2. Fostering a positive atmosphere in the market system.
3. Take more active steps to promote capital formation and production to ensure social justice and accelerate growth.
4. Increase the availability of resources and equal distribution of income through indirect and direct interventions in the provision of resources and distribution of income.

Meanwhile, the role of government in the economy can be categorized into three groups, including:

#### 1. The role of allocation

The government is responsible for providing the economic instruments that society needs such as roads, hospitals, schools and security that cannot be provided by the private sector

## 2. The role of distribution

State wealth and income are the responsibility of the government to improve the welfare of the people. As a result, the government implemented policies to ensure equal distribution of economic resources, primarily by:

- a. Taxation
- b. Help
- c. Poverty alleviation
- d. Educational support
- e. Health care

f. Community Development Assistance Through this policy, the government can benefit from sharing wealth and income for the benefit of the community. Providing assistance to poor communities through tax collection and equitable infrastructure development that reaches the outermost development areas such as Papua.

## 3. The role of stabilization

A fully privatized economy is highly vulnerable to shocks that can cause unemployment and inflation. As a result, the state is critical in ensuring economic stability. The government can play a role in maintaining economic stability by limiting the impact of economic problems on other industries and controlling inflation through regulatory actions.

## Conclusion

Islam views the evolution of human maturity as accompanied by economic progress, which must encourage spiritual maturity. The following conclusions can be made from the above material statements: Islamic economic ideas contain the study of economic expansion. The principles of the Qur'an, Sunnah, and previous Islamic scholars basically summarize this concept both openly and implicitly, but the reproduction of this concept has mainly developed in Islam, especially in recent decades, and depends on the circumstances in each country. Planning strategies and development strategies require special formulas. Islam

describes economic progress as the continuous creation of appropriate production components that can improve human welfare. The basic theory of Islamic economic growth requires a number of company initiatives to encourage economic activity through infrastructure development, which is paid more attention by the state as a sign of justice and humanity. In this sense, Islam upholds property rights as a religion of goodness and salvation. Economic growth serves both social well-being, which is completely in God's control, and the achievement of personal prosperity and well-being.

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