

## **DISTRIBUTION SYSTEM IN AN ISLAMIC ECONOMIC PERSPECTIVE**

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### **ABSTRACT**

This research aims to describe the distribution system from an Islamic economic perspective. The research method used in this study is library research. This research concludes that distribution in Islamic economics is based on fundamental human values, namely the value of freedom and justice. The purpose of distribution is twofold: first, wealth does not accumulate among a small group. Second, existing production factors must be fairly distributed for the country's prosperity. Islamic economics emphasizes the purification and cleansing of the human soul to create a prosperous life system without putting aside practical considerations. Islamic economics aims to achieve the goal of fair distribution of assets to society through education and experience. Islam requires equality among humans in terms of the struggle to obtain wealth without regard to differences in caste, creed, skin color, and so on. From an Islamic economic perspective, distribution aims to provide equal opportunities to everyone in economic struggle without distinguishing their social status. Islamic economics prevents the accumulation of wealth by controlling the growth and accumulation of wealth to be spent for the good of society.

**Keywords:** Distribution, Treasure, Islamic Economics

### **ABSTRAK**

*Penelitian ini bermaksud untuk mendeskripsikan sistem distribusi dalam perspektif ekonomi Islam. Jenis metode penelitian yang digunakan dalam penelitian ini adalah penelitian kepustakaan. Hasil penelitian ini menyimpulkan bahwa ekonomi Islam distribusinya pada dua nilai kemanusiaan yang fundamental dan signifikan yaitu prinsip keadilan dan kebebasan. Distribusi mempunyai dua tujuan. Pertama, hal ini mencegah kekayaan terkonsentrasi di tangan segelintir orang saja. Agar bangsa bisa sejahtera, pengalokasian unsur-unsur produksi yang ada harus merata. Ekonomi Islam, dengan mempertimbangkan keprihatinan pragmatis, memberikan penekanan yang kuat pada pembersihan dan pemurnian jiwa manusia untuk membangun sistem kehidupan yang sejahtera. Tujuan ekonomi Islam adalah menggunakan pengetahuan dan pengalaman untuk mendistribusikan sumber daya secara adil ke seluruh masyarakat. Islam menuntut semua orang bersaing secara setara untuk mendapatkan kekayaan, tanpa memandang perbedaan kasta, keyakinan, warna kulit, atau karakteristik lainnya. Dari sudut pandang ekonomi Islam, distribusi bertujuan untuk memberikan kesempatan yang sama kepada semua orang dalam pertarungan ekonomi tanpa membuat perbedaan berdasarkan posisi sosial. Ekonomi Islam membatasi penciptaan dan akumulasi kekayaan untuk digunakan demi tujuan masyarakat, sehingga mencegah akumulasi kekayaan.*

**Kata Kunci:** Distribusi, Harta, Ekonomi Islam

## INTRODUCTION

Nowadays, the word “Islamic economy” is always identified and associated with Sharia Financial Institutions such as Sharia banking, Bait al Maal wat Tamwiil or Sharia cooperatives, Sharia pawnshops, Sharia insurance, Sharia markets, Sharia mini markets, and so on (Adinugraha, 2013). This is because the Sharia-based economic system is booming, has relatively high marketability, and can promise worldly and domestic income. This means that if someone runs a Sharia-based economic system, he should be able to reap the fruits of profit as a Matisyahu whose sole intention is to carry out worship to Allah SWT. He gets two profits at once in one activity process, in a way that God willing is halal and tayyib (Adinugraha, 2022).

The description of this activity is based on the *fiqh* rule, which states that something must exist to complete what is obligatory, so it must be carried out. Earning *ma'isyah* or livelihood (carrying out economic activities) is mandatory. Because in this modern era, economic activity is lacking and will only be perfect with Sharia Financial Institutions, Sharia Financial Institutions is compulsory (Adinugraha & Sartika, 2019). In this way, the link between Sharia Financial Institutions and Islamic economics becomes even more apparent. Before becoming economic practices described above, they should be done through theoretical discourse (economic theory) among economists by paying attention to the empirical reality of human activity. So, the current economic practice results from applying economic theory (González-Morcillo, Horrach-Rosselló, Valero-Sierra, & Mulet-Forteza, 2022).

In conventional economics, the initial thinker who coined the term “economics,” namely Aristotle, a philosopher, stated that “economics” comes from the Greek *oikos nomos*, *Oikos* = family or household, *nomos* = regulations or law. Before the birth of economics, economic phenomena emerged as part of philosophical discourse (Nahar, Adha, & Wahyudi, 2022). So, conventional economic thinking, such as capitalist economics, was not yet “economic theory” then; instead, it was economic philosophy (Zaroni, 2012). The proof is that the work of *The Theory of Moral Sentiments* explains economics as a moral science, and there is a philosophical discussion in it (Khalil, 2023; West, 2024).

Islamic law has three fundamental principles: *aqidah*, *akhlaq*, and *mu'amalah*. From this third point, many problems and *khilafiyah* arise in the order of empirical practice. Why is that? Because it is related to *mu'amalah*, the Messenger of Allah once said, "*Antum a'alamu biumuri dunyaakum*," so that humans are given the authority to freely create and act in *mu'amalah* as in the discussion of Islamic economics, which is currently a trend, both in the fields of trade and finance, except everything that does not conflict with the corridors of Islamic law which are based on *khithabullah* and *khitaburrasul* (Hadji Latif, 2019).

Much of the discussion about the Islamic economy, which is currently booming, focuses on economic problems or inequalities in society. Is it ideal (should be) or not (in fact) according to an Islamic perspective? In this paper, the discussion will be more focused on distribution because distribution is an essential position in microeconomic theory in both Islamic and capitalist economic systems (Hamid, Prasetyowati, & Trisasmita, 2020). After all, the debate in the distribution field is not only related to financial aspects but also

social and political aspects, so it is of concern to current schools—Islamic and conventional economic thinkers to date (Wan Mohd Khairul Firdaus & Mahadi, 2013).

Because there is considerable inequality and injustice in the distribution of income and wealth in both developed and developing countries, developing countries should manage this distribution with a more effective and efficient government (State) role. The effectiveness of this role is reflected, among other things, in the government's encouragement of the development of new industries, agriculture, and small-scale businesses. The government must also ensure that managing natural resources results in prosperity for the people at large (Osowole, Nzelu, & Nwaka, 2021).

Islam, as a religion that is said to be *rahmatan lil 'alamin*, should be able to respond to this problem with a wise solution that can be implemented at all levels of society so that it does not only become a normative heavenly religion but also an applicable earthly religion (Alfani, 2023). Moving on from this phenomenon, the author is interested in comprehensive and in-depth research on the distribution system from an Islamic economic perspective.

## **RESEARCH METHOD**

Judging from the type of research, the kind of research used in this research is library research, namely research carried out by collecting data or scientific writing aimed at research objects, library data collection, or research carried out to solve a problem. Problems are focused on a critical and in-depth study of relevant library materials about the distribution system from an Islamic economic perspective. Judging from its nature, this descriptive research focuses on systematically explaining the facts obtained when the research was carried out (Sugiono, 2014).

The primary sources for this research are journals and books about the distribution system from an Islamic economic perspective, which are used to provide data directly from sources. After all the data has been collected, the next step is for the researcher to analyze the data to conclude. The author uses content analysis techniques to obtain correct and precise data analysis results. Content analysis is used to examine in-depth discussions of the content of written or printed information in the mass media and media. All other documentation materials about Islamic economics: the connection with the debate is that it is one of the researchers' efforts to facilitate understanding by analyzing the truth through authoritative sources and then extracting the meaning and essence of the studies in these sources, which relate to the distribution system from an Islamic economic perspective.

## **RESULT AND DISCUSSION**

Before starting a discussion about distribution in Islamic economics, as a Muslim community, it would be good and wise if we took the wisdom implied in the following two verses:

The Koran states that every property has rights for the poor. Allah SWT. said:

وَفِي أَمْوَالِهِمْ حَقٌّ لِّلسَّائِلِ وَالْمَحْرُومِ

“In their possessions, there are rights for the poor who beg and the poor who do not receive a share” (QS adz-Dzariyat [51]: 19).

Islam prevents the circulation of wealth only among the rich, while other groups do not get a share. Allah SWT. said:

كَئِنِّي لَأَكُونُ دُوْلَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ

“So that wealth does not only circulate among the rich among you” (QS al-Hasyr [59]: 7).

Distribution in the perspective of capitalism is that every individual must have complete freedom to produce as much wealth as possible by utilizing the abilities he was born with. Capitalism also recognizes the unlimited rights of individuals in private ownership and justifies unfair distribution. Another extreme view, namely communism, agrees with the complete elimination of individual freedom and private ownership and, at the same time, wants economic equality among the population. In other words, capitalism emphasizes the production of wealth, while communism emphasizes the distribution of wealth without paying attention to its impact on society (Samad, 2019).

Yusuf Qardhawi explained that distribution in a capitalist economy is focused on post-production, namely, on the consequences of the production process for each project in the form of money or value (Maulana & Zulfahmi, 2022). The results are distributed to the production components that play a role in producing it, namely the following four components: 1. Wages, namely wages for workers, and often in terms of wages, workers are exploited by pressure on their needs and given wages below standard; 2. Interest, namely interest in return for the capital money (interest on capital) the project owner requires; 3—costs, namely, renting land used for the project; and 4. Profit is profit (profit) for the manager who carries out project management and project management practices and is fully responsible (Hein & Detzer, 2015).

In contrast, Islamic economics rejects the second point of the four elements (wages, rent, interest, profit), namely the interest element. Islam allows the other three aspects if the conditions are met and the principles and limitations are realized. Islamic economics is accessible from both the injustices of capitalism and socialism (Muhammad Syahrul Hidayat, 2023). Islam builds its philosophy and system on other pillars, which emphasize the distribution of production resources in whose hands they are owned. This also shows, as we can see in its attention, the fulfillment of workers' rights and their fair wages commensurate with the obligations they have fulfilled. Distribution in Islamic economics is based on two fundamental and essential human values, namely, the value of freedom and the value of justice (Ilmy, 2019).

## Value of Freedom

Islam makes the value of freedom the main factor in the distribution of wealth because this issue is closely related to faith in Allah and His monotheism and its belief in humans. Monotheism implies that everything in the world and the universe is centered on Allah. So it is only to Allah that every servant performs devotion. He is the one who determines human sustenance and life without anyone being able to control it. Anyone who says that he can provide sustenance to other people means that person has been arrogant and violated God's authority (M. Zikwan, 2021).

The freedom prescribed by Islam in the economic field is not absolute freedom free from all ties. It is controlled freedom, bound by the values of "justice" required by Allah. This is because, in human nature, there is a contradiction that God has created in him for wisdom, which is a demand for the prosperity of the earth and the survival of life. Among other human traits, humans like to accumulate wealth, so they sometimes go beyond reasonable limits because of their love (Ahyani, Slamet, Ahyani, Tobroni, & Tobroni, 2021).

## Value of Justice

Justice in Islam is not a secondary principle. The forerunner and solid foundation enters all Islamic teachings and laws as *aqidah*, Sharia, and morals. Justice does not always mean equality. Justice is a balance between various individual potentials, both moral and material. It is *tawazun* between individuals and communities, between one community and another. What is true is true justice, and the ideal is one in which there is no injustice towards anyone. Every person must be given the same opportunities and means to develop abilities that enable him to obtain rights and carry out his obligations, including in the distribution of income and wealth (Adiwarman A. Karim, 2017).

In summary, the comparison between Islamic economic systems in business matters is as follows:

**Table 1. The Comparison Between Islamic Economic Systems in Business Matters**

Understand Economics	Incentive	Ownership	Mechanism, Information and Coordination	Decision-making
Pure capitalism	Material	Individual	Market mechanism	Decentralized
State capitalism	Material and social norms	Individuals under State supervision	Market Mechanisms and the State	Centralistic and Decentralized
Mixed capitalism	Material and social norms	Individual	Market Mechanisms and the State	Centralistic and Decentralized
Pure socialism	Social norms	State supervision	State	Centralistic
Market socialism	Material and social norms	State or community	Market Mechanisms and the State	Centralistic
Islam	<i>Mashlahah</i> (world and hereafter)	Individual, social, and State based on <i>mashlahah</i>	Fair market mechanisms	Deliberation based on <i>mashlahah</i>

Source: Adiwarman Azhar Karim (2012)

Apart from that, there is also an opinion that the position of distribution in a government's economic activities is critical because distribution itself is the goal of fiscal policy in a government (apart from the allocation function). As for distribution, it is often applied in the form of tax levies (both individual taxes and corporate taxes). However, the community can also self-help through the institutionalization of *zakat, infaq, shadaqah* (ZIS) in which case the government is not directly involved in mobilizing the management of the ZIS income received (Adinugraha, Shulthoni, & Achmad, 2023).

This is in line with the principles of Islamic economics, which in general can be explained as follows: 1. Various resources are seen as gifts or deposits from Allah SWT to humans; 2. Islam recognizes private ownership within certain limits; 3. The main driving force of Islamic economics is cooperation; 4. Islamic economics rejects the accumulation of wealth controlled by just a few people; 5. Islamic economics guarantees community ownership, and its use is planned for the benefit of many people; 6. A Muslim must fear Allah SWT and the day of judgment in the afterlife; 7. Zakat must be paid on wealth that has met the limit (*nisab*); and 8. Islam prohibits usury in all forms (Melisa Tiran, 2023).

Therefore, in the context of distribution, Islam takes a middle path (*wasathan*) between capitalist and socialist patterns, namely that it does not provide absolute freedom or unlimited rights in the ownership of personal wealth for individuals in the field of production, nor does it bind individuals to a system. Economic equality under this system, he cannot obtain and own wealth freely. Islam considers that humans are the most perfect, noblest, and super-perfect creatures, and humans are even entrusted with the role of the caliph, whose task is to utilize and manage the world to achieve prosperity (Rezeki, Ferdiansyah, Adisa, Ginting, & Amelia, 2023).

Referring to the message of the Koran in the economic field, it can be understood that Islam encourages its adherents to enjoy the gifts that Allah has given. These gifts must be utilized to increase both material and non-material growth by working/struggling to obtain material/possessions in various ways, as long as the existing rules are followed. So, with the belief in the absolute role and ownership of Allah, the concept of production in Islamic economics is not solely motivated by maximizing world profits but is more critical for maximizing profits in the afterlife so that world affairs are a means to obtain prosperity in the afterlife or other languages it is often referred to as *falah* (Maryam Batubara, Andrian Syahputra, Azra Afwandy, & Evan Hamdani, 2023).

Islam directs spiritual-based mechanisms to maintain social justice in every economic activity. The unequal distribution of wealth underlies almost all individual and social conflicts. Efforts to achieve human happiness will only be possible with belief in moral principles and discipline in implementing these moral concepts.

## CONCLUSION

Based on the explanation above, it is clear that the distribution system from an Islamic economic perspective can produce three urgent points to avoid economic inequality, namely: guaranteed fulfillment of everyone's basic needs; equality in the income of each individual, but not in the sense of equality; and eliminate extreme inequality in

individual income and wealth. Therefore, the distribution system from an Islamic economic perspective is always oriented towards the values of social and moral justice, where individual rights and public rights are recognized proportionally. Still, wealth or possessions belong only to Allah, and humans are entrusted to them or given trust.

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