

Principles of Islamic Sharia Economic Law in Facing the Challenges of Global Competition

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ABSTRACT: This research is to examine the principles of Islamic Sharia Economic Law in Facing the Challenges of Global Competition. Challenges about the readiness of the Indonesian nation in facing global competition, especially the ASEAN economic community, have been carried out by many components of the nation. The increase in global competition and the dynamics of society, causing the ability to survive for this nation is something important so that they can compete in the life of the nation and do business and avoid predatory predators. The problem that will be discussed in this study is How the Principles of Islamic Sharia Economic Law in Facing the Challenges of Global Competition. The research method used is a normative research method with a conceptual approach and analyzed using content analysis.

KEYWORDS : *Shari'a Economic Law, Global Competition*

I. INTRODUCTION

Today's economic globalization is a new manifestation of the development of capitalism. As in the past, in order to overcome the crisis, multinational companies are looking for new markets and maximizing profits by exporting capital and reorganizing production structures. as an international economic system. In essence, globalization is the best means for Muslims to introduce Islamic culture and teachings to all corners of the world. The challenges of the Islamic economy include that many countries that in fact have an Islamic population tend to use the capitalist system, economically and politically the Islamic State is viewed as not strong so it is difficult to prove that the Islamic Economic System is superior to capitalist and socialist, and Among the experts themselves still have cross-opinions about the meaning of the Islamic Economic System. [1]

In understanding the legal aspects of the application of Islamic economics, it must be comprehensive, starting from the theoretical-conceptual level to the problems and their implementation. A number of experiments on the application of an economic system based on islamic sharia principles have shown many indications of success, as shown in the rapid development of the Islamic Development Bank (IDB). Many verses in the Qur'an encourage trade and commerce, and Islam expresses the attitude that there should be no obstacles to honest and lawful trade and business that are in accordance with business ethics in Islam, so that everyone earns income, provides for the family, and gives alms to the disadvantaged. Just as Islam regulates and influences all other areas of life, so it regulates the ethics of industrial competition and entrepreneurship in accordance with Islam. Islam requires industrialists and traders to do justice, honesty and trust for the creation of human happiness (falah) and a good life that strongly emphasizes aspects of brotherhood, justice, socioeconomics, and the fulfillment of the spiritual needs of mankind, especially in the muamalah aspect, namely increasingly unlimited or international trade. [2]

Article 1 Paragraph (1) of Law Number 7 of 2014 concerning trade explains that Trade is an order of activities related to the transaction of Goods and/or Services within the country and beyond the borders of the country's territory with the aim of transferring rights to Goods and/or Services to obtain compensation or compensation. In the era of globalization as it is today, boundaries and distances are no longer a barrier for a person or entity to trade. In fact, even between countries can trade easily. In general, international trade is defined as a mutually beneficial exchange relationship of goods or services between a country and another. International trade is more complex than domestic trade because international trade crosses the boundaries of

customs areas and state territories. Furthermore, the issuance of Law Number 11 of 2020 concerning Job Creation is a Government policy in order to anticipate the negative impacts of the globalization era. [3]

However, the fact is that the regulation was made to launch the interests of the government only and not have an impact and teach how to survive in a global era in which there is fierce competition. The crystallization of sharia-based economic thought does not intend to deny the understanding and analysis of contemporary economic systems, but seeks to dialecticize understanding, correction with Islamic economic values and ethics. Islamic economics categorically rejects the system of interest institutions that are the lifeblood of the conventional economic system, because it is contrary to sharia values. Islamic economics will always be concerned in realizing economic stability built on several assumptions that are the result of economic analysis. Islamic economics, which once played an important role in the world economy, came because of the demands for the perfection of Islam itself, not because the capitalist or socialist economic system contained many weaknesses and injustices. Islam must be embraced kaffah and comprehensively.[4]

Islam requires Muslims to actualize their Islam in all aspects of life. In economic life, Muslims have their own economic system, where the outlines have been described as a whole in the Qur'an and Assunah. It is not possible for a Muslim to pray 5 times every day, while he consumes wine, drugs, gambles and drifts in pure speculation. Likewise, it is impossible for a Muslim to carry out financial transactions containing Maysir, Ghoror, Riba and vanity. And anything that endangers himself or others. These are all signs that every Muslim must obey, therefore the emergence of the Islamic economy is more a realization of the universality of Islam itself. It's just that the awareness of practicing Islamic sharia kaffah has only emerged for decades this year. That is why the development of the Islamic economy, especially in the world of education, banking and other Islamic financial institutions, has only begun to surge in the next few years.

Islamic economic principles are defined as the main rules that build the structure or framework of Islamic economics, or the elements that become the structure of an activity, which are extracted from the source of Islamic teachings. The Islamic economic principles that are closely related to the conditions and problems of the Indonesian nation are also in the momentum of facing competition in the free market (through the mental revolution movement) including the principles of work, efficiency, compensation, professionalism, freedom, competition, cooperation, and solidarity. Work as a principle in Islamic economics is an important element for the process of progress and transformation in various aspects of life, both for individuals, society and the state. So important is the principle of work in Islam has been shown by the many verses and hadiths that speak and motivate Muslims to do work, both work that is divine (worship) and work that is worldly (muamalah). Islam commands Muslims to do both work in a balanced and earnest manner, even as a form of incentive, Islam makes also work (which is worldly) as worship.

Based on this description, it is necessary to provide solutions in facing global competition, especially in the business world for the Indonesian people, the majority of whom are Muslims. Therefore, the problem in this study is how the Principles of Islamic Sharia Economic Law in Facing the Challenges of Global Competition.

II. RESEARCH METHODS

The research method used is a normative research method, using a conceptual approach related to the Principles of Islamic Sharia Economic Law in Facing the Challenges of Global Competition. The conceptual approach is a type of approach in legal research that provides a point of view of problem solving analysis in legal research in terms of aspects of the legal concepts behind it, or can even be seen from the values contained in the naming of a regulation related to the concepts used related to the Principles of Islamic Sharia Economic Law In Facing the Challenges of Global Competition, with accurate and accountable data. In addition, an in-depth examination of the facts of the law was also held to then seek solutions to the problems arising in the symptoms concerned.

III. RESULTS AND DISCUSSION

The era of globalization, in some literature is stated to have begun in the 1990s. This era is marked, among others, by the existence of important phenomena in the economic sphere. World economic activity is not only limited by factors of geographical, linguistic, cultural and ideological boundaries, but rather by factors of mutual need and interdependence with each other. The world has become as if there are no borders, mainly because of the rapid development of information technology. Such a situation gives birth to many opportunities as well as challenges, especially in efforts to develop the Islamic economy. The process of globalization is expected to accelerate in the future, as Colin Rose argues that the world is changing at an unprecedented pace of steps. People's lives including their legal and economic lives are becoming increasingly complex. [5]

In this global era, there are various kinds of economic systems of countries in the world. Nevertheless broadly speaking, the economic system can be grouped on two poles, namely capitalism and socialism. Other systems such as welfare state, state capitalism, market socialism, democratic socialism basically work on the frame of capitalism and socialism. The difference between the New Economy and the old (previous) economy is basically more of a paradigm in implementing or managing and developing economic activity. The New

Economy is very loaded with the dynamics of rapid change, seemingly borderless activities, and networks that become patterns of daily relationships that determine how value-added processes are carried out, as well as how linkages and competitiveness are built and maintained. What's more important is that knowledge and innovation are considered the driving force for the New Economy. This fact is indeed temporarily more significant in developed economies. [6]

It is undeniable, that the term Islamic economy gives birth to a diverse impression. For some, the word "Islam" positions the Islamic Economy in a very exclusive place, thus removing its value as an order for all human beings (rahmatan lil'alamin). For others, Islamic economics is described as a concoction economy between capitalist and socialist streams, so that the specific characteristics possessed by Islamic Economics itself are lost. Umar Chapra referred to the Islamic economy as the Tawhid Economy. But in general, it can be said to be divine economics. The reflection of the "Godhead" disposition of Islamic economics is not in the aspect of economic actors because the perpetrators must be human beings but in the aspects of rules or systems that must be guided by economic actors. It is based on the belief that all economic factors including man are essentially God's, and to Him (to His rule) all affairs are returned (Q.S.109). As a godly economy, Islamic Economics borrowing the term from Ismail Al Faruqi has a source of normative-imperative values, as a binding reference. By accessing the divine rules, every human deed has moral and worship value. Every human action must not be separated from value, which vertically reflects good morals, and horizontally benefits humans and other beings. Islamic economics is a system that applies economic principles in accordance with Islamic teachings, for any economic activity aimed at creating goods and services to meet human needs. Islamic Economics as a science that studies the economic problems of society in the effectiveness of Islamic values.

A. The Politics of Islamic Economic Law and Sharia Economy

In its corridors globalization is the best way for Muslims to introduce Islamic culture and teachings to all corners of the world. for example, it is stated in the Qur'an that there is no coercion in religion, Muslims can offer ideology, Islamic lifestyle and culture, to the world by displaying the example of the Prophet Muhammad SAW and his companions. Attitudes of simplicity, tawhid, honesty, and ethics are Islamic wisdom that mankind is currently looking forward to now. This opportunity can be used as well as possible by Muslims in promoting a prosperous society and is recognized by Allah. The legal politics of the substance of the terms Islamic economy and sharia economy in the frame of laws and regulations in Indonesia can be observed from various clauses that mention these terms. The description and analysis on this subject is important to carry out thematically and systematically. [7]

The nature of Islamic political economy is a legal policy designed by the government related to economic development that can guarantee the fulfillment of people's needs and is based on Sharia values as a reference parameter. This rule is a law that regulates the relationship of the state with society, individuals with individuals, and individuals with society in economic activities. The legal policy that is built is not as an internal state (government) policy in enacting a program. The above legal policy making concerns two things, namely first, adapting the legal provisions that are already available. Second, fill the legal void by way of rulemaking. Academically, the discussion of political economy is the result of the development of Islamic law which is in the field of state wealth management policies. In Islamic political economy it is commonly called *siyasah Maliyah*. In other words, it is *tadakhkhul ad-daulah* (state intervention). The state intervention referred to by Ash-Shadr is a state that intervenes in economic activities that can guarantee the adaptation of Islamic law related to the economic activities of the people. [8]

The economy is part of the *muamalah* in general in the Islamic concept must pay attention to the principles of tawhid, caliph and justice, which must be balanced can be realized in a prosperous community life. In the Islamic economy, it must have a commitment to realize the happiness and welfare of mankind. More specifically in the field of economy, ang aims to realize justice and welfare in doing business and doing business. Justice is understood here, when doing business, must carry out according to Islamic sharia and follow the instructions of the Prophet Muhammad SAW, not according to lust alone by pursuing the greatest profit. Unlike the case with conventional business methods that only care about profits. So it is fair based on the rules of Allah and the Sunnah of the Prophet SAW, namely that you cannot deceive, cheat, lie and so on.

Within the scope of political economy, the expert who always talks about the discipline of political economy and the ecological order (with market subsystem) of Islam is Masudul Alam Choudhury. According to him, that Islamic economic politics is essentially a study of the endogenous role of ethico-economic relationships between politics and the deep ecological system. In another editorial, he defines it as the study of interactive relationship between polity (*shura*) and the ecological order (with market subsystem). The Indonesian Ulema Council held a meeting of the National Sharia Council Establishment Team on October 14, 1997. Then the Indonesian Ulema Council Leadership Council issued Decree No. Kep-754/MUI/II/1999 dated 10 February 1999 concerning the Formation of the National Sharia Council of the Indonesian Ulema Council. Then the National Sharia Council of the Indonesian Ulema Council was formed in order to realize the aspirations of Muslims to recognize economic issues and encourage the application of Islamic teachings in the

economic or financial sector which is carried out in accordance with the guidance of Islamic values. This is a measure of efficiency and coordination of the ulama in responding to issues related to economic or financial matters. Various problems or cases that require a fatwa will be accommodated and discussed in order to obtain a common view in handling them by each Sharia Supervisory Board in Islamic financial institutions can encourage the application of Islamic teachings in economic and financial life, the National Sharia Council of the Indonesian Ulema Council will always play a role proactively responding to the changing developments of Indonesian society in the economic and financial spheres. [9]

Based on the increasingly solid term sharia economy in Indonesia, various agencies emerged and used the term sharia economy, such as the National Sharia Council of the Indonesian Ulema Council, the National Sharia Arbitration Board, Sharia Banking, the Directorate of Sharia Banking of Bank Indonesia, the Directorate of Islamic Religious Affairs and Sharia Development of the Ministry of Religion, the Ministry of Finance, the Supreme Court, and Universities within the Ministry of Religion. In particular, the Supreme Court issued a regulation using the term sharia economy, namely Supreme Court Regulation Number 2 of 2008 concerning the Compilation of Sharia Economic Law. The compilation of Sharia Economic Law is a collection of sharia economic materials taken from various classical literature (yellow book) and contemporary literature. The existence of the Compilation of Sharia Economic Law is intended to be a reference for Religious Justice Judges in receiving, processing, and resolving sharia economic disputes in Indonesia. To harmonize the Law and Islamic financial literacy towards improving the national economy, on January 5, 2016 President Joko Widodo established an institution using the term Islamic economy, namely the National Committee for Islamic Finance. Although the implementation of the term Islamic economy in the national economic and legal system is increasingly accelerative and massive, the debate regarding the formalization of the terms Islamic economy and sharia economy is still ongoing.

B. Principles of Islamic Sharia Economic Law In Facing The Challenges Of Global Competition

Regarding the basic principles of Islamic economics, Adiwarmar Karim explained that the principles that make up the overall framework of Islamic economics. In the Islamic economy there are several laws that form the foundation of this economic thought and concept. [10] The Islamic economic building is based on five universal values, namely: Tawhid (Oneness of God), 'Adl (Justice), Nubuwwah (Prophethood), Khilāfah (Government) and Ma'ad (Results). These five foundations served as inspiration for compiling the propositions and theories of Islamic economics. It is described as follows:

1. Tawhid (Oneness of God). Tawhid is the foundation of Islamic teachings. God owns the universe and all the resources that exist because God created the universe and its contents. Therefore God is the ultimate owner. Human beings are only given the mandate to have a while. In Islam everything that Allah created has its benefits and purposes. The purpose for which man was created was to worship Him (QS 51:56), therefore all activities that have to do with nature (resources) and man (muamalah) are framed in terms of relationship with God. Because to Him we will account for all our deeds, including economic and business activities.
2. 'Adl (Justice). In Islam, 'adl is defined as not menzalimi and not dizalimi. The economic implication of this value is that economic actors are not allowed to pursue personal gain if it harms others or damages nature. Without justice, human beings will be grouped into various groups. One group will tyrannize the other so that human exploitation of humans occurs.
3. Nubuwwah (Prophetic). God sent prophets and apostles to give guidance and guidance from God on how to live well and righteously in the world and teach the way to return (taubah) to the origin of all, which is God. The function of the apostle is to be the best model that man must model in order to obtain the salvation of the world and the hereafter. The last and perfect apostle to be exemplified until the end of time is Prophet Muhammad SAW. The qualities of the Apostle to be exemplified, namely: siddiq (true, honest), amānah (responsible, credible), fatānah (intelligent, wise, intellect) and tablīgh (communicative, open, marketing expert).
4. Khilāfah (Government). Man is the caliph of God on the face of the earth, therefore man is essentially the leader. In the hadith of the Prophet s.a.w. it is stated that, each of you is a leader and will be held accountable for what he leads. This value underlies the principle of human collective life in Islam. Its main function is to maintain the regularity of interaction (mu'āmalah) between groups, so that chaos and commotion can be eliminated or reduced. In Islam the government plays an important role in the economy. Its main role is to ensure that the economy runs in accordance with sharia and to ensure that there is no violation of human rights. All this within the framework of achieving maqāsid sharī'ah i.e. advancing human well-being.
5. Ma'ad (Results). Human life is not only in the world, for we will all return to God. God forbids us to be bound to the world (QS. 31: 33) because when compared to the pleasures of the afterlife, the pleasures of the world are not much. Man was created to struggle (QS. 90: 4). The struggle will be rewarded. Good deeds will be repaid with multiple kinds of good, evil deeds will get the punishment they deserve. This

principle became a motivation in economics and business, that profit is not only the profit of the world but includes the profit of the afterlife. Therefore the concept of profit gains legitimacy in Islam.

Some of the legal foundations of Islam are the Quran and hadith. [11] The Quran and hadith have much discussed how producers and consumers should behave, but only a few economic systems. Sharia economy emphasizes 4 existing traits including Unity, Balance, Freedom, Responsibility. As well as some principles in Islamic law as follows:

1. Principle of Competition. Islam has given encouragement to its people to compete in various good affairs and in worship to achieve His pleasure. With competition, it will encourage the creation of a more dynamic business and work climate, and will further encourage the achievement of high business efficiency. Therefore, in the context of free market competition, competition, especially internally, of the Indonesian nation is also very much needed, both competition between individuals, between businesses, between sectors and between regions throughout Indonesia.
2. The Principle of Cooperation is an effort to encourage and strengthen each other in achieving common goals. Indonesia as a country of course also has very clear goals together, therefore, cooperation is a very important element in facing various conditions and challenges of the nation, one of which is in facing the free market era. The importance of cooperation has not escaped great attention from Islam. Islam has encouraged its people to cooperate with each other (ta'awun) in all positive things. Cooperation in Islamic teachings is not only caused because humans have several common goals, but also because human sunnatullah is created differently in many ways including in terms of potential and abilities, so Islam strongly encourages the principle of cooperation in various aspects of human life.
3. The principle of Solidarity is the spirit of brotherhood which is implemented in the form of mutual help and mutual respect (tolerance). Islam has taught the importance of solidarity. One proof of the teachings of this principle is the obligation of zakat. The teachings about zakat contain a message about the importance of solidarity in human life. Zakat has given a message that although on the one hand humans are given the freedom to carry out economic activities including competing with others to obtain income and benefits for achieving individual benefits and welfare, but on the other hand, Islam reminds people who have reached a certain economic level (nishab) not to forget those who are still lagging behind economically (the poor/dhuafa).

Islamic economics, in addition to concentrating on the allocation and distribution of resources as in conventional economics, but its main goal is to realize maqās id shari'ah. Imam al-Ghazali (1422 H: 352) explains that the main purpose of sharia (maqās id shari'ah) is to encourage human welfare, which lies in the protection of their religion (dīn), self (nafs), reason, lineage (nasl) and property (māl). Faith (religion) is placed first, because it significantly influences the nature, quantity and quality of material and psychological needs and how to satisfy them. Wealth is placed at the last destination not because it is considered unimportant, but that the ability of property to realize human happiness will depend heavily on humans themselves. In other words, possessions as objects alone are not capable of giving happiness to humans. Self, intellect and heredity are closely related to humans themselves, so that their happiness is the main goal of sharia. By including the human self, reason and offspring will enable the creation of a balanced fulfillment of all the needs of human life.

Based on the maqās id shari'ah explanation above, it can be formulated that the objectives of Islamic economics are as follows:

1. Economic prosperity within the framework of Islamic moral norms (the rationale is: QS. al-Baqarah verses 2 and 168, al-Maidah verses 87-88, al-Jumu'ah verse 10).
2. Forming a society with a solid social order, based on universal justice and brotherhood (the rationale is: QS. alHujurāt verse 13, al-Maidah verse 8, al-Shu'arā' verse 183).
3. Achieving a fair and equitable distribution of income and wealth (the rationale is: QS. al-An'am verse 165, al-Nahl verse 71, al-Zukhruf verse 32).
4. Creating individual freedom in the context of social welfare (the rationale is: QS. al-Ra'du verse 36, Luqman verse 22).

IV. CONCLUSION

Based on the results of research related to Islamic Sharia Economic Law Principles in Facing Global Competition Challenges, it can be concluded that the study of economic growth and development can be found in the concept of Islamic economics. This concept has basically been summarized both explicitly and implicitly in the Qur'an, the Sunnah of the Prophet s.a.w. as well as the thoughts of earlier Islamic scholars. The specificity of growth and development in the Islamic economy emphasizes very serious attention to the development of human resources as well as the empowerment of nature to increase human dignity. This is not only manifested in the successful fulfillment of material needs, but also in the need and preparation for the afterlife. So, Islamic economics is more emphasized on a concept and effort to be able to improve people's welfare. Thus, Islamic economics is the answer to the challenges of world civilization. Global competition is unavoidable which requires the Indonesian people, who are predominantly Muslim, to adapt or survive in this situation. This can be

done by using the principles of Islamic economics in everyday life, including emphasizing the 4 existing characteristics including Unity, Balance, Freedom, Responsibility as well as several principles of competition, cooperation and solidarity. The researcher feels that applying these principles can make a foundation in facing global competition in the future, of course coupled with improving the quality of human resources and understanding related to technology.

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