

## Constructing Islamic Law and Islamic Business Ethics for a Sustainable Halal Industry Economy

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**Abstract:** Muslim-majority countries, sustainable economic growth is intricately linked to the *halal* industry sector, which is supposed to operate in accordance with what is permissible in Islamic law. The present *halal* industry is the limited understanding of Islamic law. Additionally, Islamic business ethics practices are essential in effective *halal* industry management because they comprise ethical values, morality, decency, and commendable morals that can support the sustainable development of the *halal* sector within the economy. This study examines the intersection of Islamic law in business ethics, with the anticipation of promoting the substantial growth of the *halal* industry. To achieve this, the study employs the literature review method, assisted by the Publish or Perish software and Vosviewer bibliometric analysis. A literature review was conducted to synthesise research findings by presenting the perspectives of Islamic law scholars, substantiated by evidence from various previous studies. The findings of this research reveal that, to achieve a sustainable economy, the establishment of business ethics within the domain of the *halal* industry must be built based on the five fundamental pillars of Islamic law, the seven principles of *muamalah* (dealings) pertaining to transactions and activities involving goods and benefits in Islam, such as buying and selling, renting, debts and borrowings, farming, associations, and other commercial dealings, and the five principles of Islamic business ethics. The findings of this research are expected to serve as collective evidence within the realm of Islamic law studies pertaining to the *halal* industry and its role in fostering a sustainable economy.

**Keywords:** Islamic Business Ethics; *Halal* Industry; Islamic Law; Sustainable Economy

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### I. INTRODUCTION

The global *halal* industry trade has received an exceptional response from the international community, with the demand for *halal* products and services notably surging during the economic recovery.<sup>1</sup> Previous research has presented some evidence that the *halal* industry has the potential to significantly enhance the people's economies, with an estimated annual value of USD 2.3 trillion. Both developed and developing countries are increasingly engaging in competition within the *halal* industry, across various key sectors, including food, beverages, fashion, and tourism.

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<sup>1</sup> Ibrahim Danjuma, *An Increasing Demand for Halal Products and Services: A Call for the Enactment of an International Convention on Halal Industries* (Routledge/Taylor & Francis Group 2021) 260-272.

The prospect of the *halal* market introduces fresh opportunities for religion-based marketing, along with several cultural, operational, and geopolitical challenges in various countries, particularly in non-Muslim countries. The linchpin for success lies in the development and proficient management of brands, which demands expertise, resources, substantial experience, and ongoing competition.<sup>23</sup> Additional findings revealed that human capital, *halal* value chain, media, government intervention, strategy, and infrastructure are pivotal requirements for the global *halal* industry.<sup>4</sup> However, empirical evidence underscores that the full potential of the *halal* industry remains unrealized in certain countries. Malaysia is proven to possess a plethora of *halal* commodities that have yet to be tapped into for the *halal* export market.<sup>5</sup> Likewise, in Indonesia, there exists a relatively low level of awareness among *halal* industry stakeholders regarding crucial *halal* aspects.<sup>6</sup>

It is understandable that many *halal* industry players have not fully adhered to the necessary prerequisites for establishing a sustainable *halal* industry. Interestingly, the findings revealed that the development of the *halal* industry has also gained traction among numerous industry players in non-Muslim countries such as Thailand,<sup>7</sup> the UK,<sup>8</sup> Taiwan,<sup>9</sup> and various European countries.<sup>10</sup>

*Halal* industry players in Muslim-majority countries make the concept of Islamic business ethics particularly important to address the challenges and opportunities inherent in cultivating a more responsible *halal* industry.<sup>11</sup> It's noteworthy that, in a broader context, the realization of Islamic business ethics can be found in ethical regulations of Islamic financial institutions. In practice, ethical standards are also integral to the *halal* industry, ensuring that it adheres to resources and methods permitted by Islamic law.<sup>12</sup> The concept of *halal* business, from an Islamic perspective, emphasizes the importance of fulfilling satisfying both material and spiritual needs in a balanced manner. Therefore, business people are obligated to adhere to Islamic business ethics, which serve as their guiding principles.<sup>13</sup> The impact of practicing true

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<sup>2</sup> Elif Izberk-Bilgin and Cheryl C Nakata, 'A New Look at Faith-Based Marketing: The Global Halal Market' (2016) 59 *Business Horizons* 285.

<sup>3</sup> Norkhazzaina Salahuddin, Nurul Riddhaina Salahuddin and Munirah Khamarudin, 'The Importance of Industry Value Chain for Development of Malaysian Halal Industry' in B.S. Sergi and A.R. Jaafar (ed), *Modeling Economic Growth in Contemporary Malaysia* (Emerald Publishing Limited 2021) 117-125.

<sup>4</sup> Mahdi Borzooei and Maryam Asgari, 'Establishing a Global Halal Hub: In-Depth Interviews' (2013) 3 *International Journal of Academic Research in Business and Social Sciences* 169.

<sup>5</sup> Shahriar Kabir, 'Trade in Global Halal Industry: Malaysia's Performance and Prospect' (2014) 3rd International Conference on Management, Economics and Finance (ICMEF 2014) 1.

<sup>6</sup> Ferry Khusnul Mubarak and Muhammad Khoirul Imam, 'Halal Industry in Indonesia; Challenges and Opportunities' (2020) 2 *Journal of Digital Marketing and Halal Industry* 55.

<sup>7</sup> Mohd Saiful Anwar Mohd Nawawi and others, 'The Emergence of Halal Food Industry in Non-Muslim Countries: A Case Study of Thailand' (2020) 11 *Journal of Islamic Marketing* 917.

<sup>8</sup> Khairul Akmaliah Adham, Nur Saadah Muhamad and Mohd Fuaad Said, 'Diagnosing the Halal Industry of Taiwan: A Viable System Model Approach' (2020) 58 *Jurnal Pengurusan* 169.

<sup>9</sup> Abdul Hamid, Muhammad Said and Endah Meiria, 'Potency and Prospect of Halal Market in Global Industry: An Empirical Analysis of Indonesia and United Kingdom' (2019) 5 *Business and Management Studies* 54.

<sup>10</sup> Nur Aini Fitriya Ardiani Aniqoh and Metta Renatie Hanastiana, 'Halal Food Industry: Challenges and Opportunities in Europe' (2020) 2 *Journal of Digital Marketing and Halal Industry* 43.

<sup>11</sup> Muatasim Ismaeel and Katharina Blaim, 'Toward Applied Islamic Business Ethics: Responsible Halal Business' (2012) 31 *Journal of Management Development* 1090; H. Muhammad and NP Sari, 'Halal Responsibilities through Islamic Business Ethics Practices: Implementation of Trustworthy and Fair Values in Traditional Markets' (2021) *Halal Development: Trends, Opportunities and Challenges* 94.

<sup>12</sup> Muhammad Aunurrochim Mas'ad and Najwa Alyaa Binti Abd Wakil, 'Halal Industry and Islamic Finance Institution's Role: Issues and Challenges' (2020) 3 *INSLA E-Proceedings* 643.

<sup>13</sup> Asnidar Hanim Yusuf, Syadiyah Abdul Shukor and Umami Salwa Ahmad Bustamam, 'Halal Certification vs Business Growth of Food Industry in Malaysia' (2016) 4 *Journal of Economics, Business and Management* 247.

Islamic business ethics is being able to achieve economic, social, and environmental success in the *halal* market.<sup>14</sup> It is imperative for *halal* industry participants to grasp the proper application of Islamic business ethics in the management of their enterprises. The literature presented underscores the critical role played by Islamic business ethics. However, it's worth noting that there is a scarcity of research that delves into the study of “*fiqh*” within this context. Islamic law, encompassing a multitude of regulations for daily living, is indispensable in addressing the contemporary challenges of our times.

The public's comprehension of the concept of Islamic business ethics, particularly within the realm of *fiqh* in Islamic economics, remains insufficient. It appears that many players in the *halal* industry do not have a comprehensive grasp of the genuine concept of Islamic business ethics. Therefore, several literature studies have emerged, discussing *muamalah fiqh* (law pertaining to conduct) concerning evolving business transactions. These studies encompass various contemporary aspects such as digital transactions,<sup>15</sup> business behaviour,<sup>16</sup> and big data technology-based business.<sup>17</sup>

The novelty of this research is shown through the development of a framework for the constructing of business ethics for the *halal* industry, framed within the context of Islamic law. Islamic law provides contemporary insights into practical, rational, and factual Islamic business ethics, offering solutions to legal problems that arise within the *halal* industry. The conceptual foundation of Islamic business ethics, rooted in the insights of Abu-Hamid Al Ghazali, is established upon the interpretation of the Qur'an and Sunnah. However, during its development, the prevailing Western ethical perspectives have led to the neglect of much of the framework of Islamic business ethics. Therefore, contemporary Muslim scholars have endeavoured to expand their understanding of Islamic business ethics.<sup>18</sup> Previous studies have conducted thematic analyses of Qur'anic verses to scrutinise the term *halal-tayyib* within the context of the *halal* industry. The meaning of *tayyib* is ‘good’ or ‘pure’. For example, when meat is labelled as *halal*, we can trust that the animal was sacrificed in the correct way, with name of Allah recited over it. But *tayyib* extends beyond meat being permissible legally and extends to concept of “ethical” meat.

Deeper insights from previous research encourage future studies to delve into the term *halal-tayyib* (referring to goods permitted in Islam and acquired in a morally upright manner), which necessitates both consumption-related *halal* criteria and legal criteria for products. The objective is to establish a quality assurance system for *halal* products.<sup>19</sup> The research methodology is renewable as it incorporates a literature review that integrates empirical evidence and Islamic law studies with the help of bibliometric analysis—an approach not previously employed by researchers in this field. The formulation of the research problem

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<sup>14</sup> Mohamed Salaheldeen and others, ‘The Perception of Success in the Halal Market: Developing a Halal Entrepreneurship Success Scale’ (2023) 14 *Journal of Islamic Marketing* 799.

<sup>15</sup> Yudi Siswadi and Andri Soemitra, ‘Literature Study on Fiqh Muamalah Digital Business Transactions (e-Commerce)’ (2022) 1 *Social Science, Entrepreneurship and Technology (IJESSET)* 220.

<sup>16</sup> Purnama Putra and Tjiptohadi Sawarjuwono, ‘Traditional Market Merchant Attitudes in the Perspective of Islamic Business Ethics’ (2019) 35 *Option* 1471.

<sup>17</sup> I. Halim and others, ‘Islamic Business Ethics in Technology Based Business’ (2022) 03 *TSARWATICA: Islamic Economic, Accounting, and Management Journal* 40.

<sup>18</sup> Yusuf Sidani and Akram Al Ariss, ‘New Conceptual Foundations for Islamic Business Ethics: The Contributions of Abu-Hamid Al-Ghazali’ (2015) 129 *Journal of Business Ethics* 847.

<sup>19</sup> Wawan Arwani and others, ‘Halal-Thayyib, Food Products, and the Halal Industry: A Thematic Analysis on the Verses of the Qur'an’ (2022) 14 *Al-Amwal : Jurnal Ekonomi dan Perbankan Syari'ah* 99.

encompasses questions that are to be addressed in light of the existing background issues. The formulation of the problem is as follows:

1. How can a comprehensive literature review be crafted to elucidate the foundational principles of Islamic business ethics and their role in fostering sustainability within the *halal* industry and the broader economy?
2. How does the examination of Islamic law within the context of Islamic business ethics contribute to the advancement of the *halal* industry toward a sustainable economy?

This article provides an analysis and examination of Islamic law within the framework of Islamic business ethics, with the aim of fostering advancements in the management of the *halal* industry. The prevailing limited comprehension of Islamic law and the implementation of Islamic business ethics pose notable challenges for the contemporary *halal* industry. This article is structured into three distinct parts. Part I comprises the introduction, Part II delves into the literature review, and Part III examines the scope of the discussion. The article culminates with a research conclusion.

## II. LITERATURE REVIEW

Islamic law, also known as Islamic jurisprudence, is the outcome of *ijtihad*, a rigorous process involving deep thought and extensive effort aimed at establishing Sharia law with respect to contemporary issues within the realm of Islamic law. Through an examination of the sources of Islamic law, which encompass the Quran and sunnah, as well as the jurisprudence of earlier Muslim scholars, and by incorporating Science and Technology (IPTEK), conclusions are drawn through process of *ijtihad*, aimed at providing solutions that are beneficial to society<sup>20</sup> Islamic law, when applied to Islamic economics, is closely related to contemporary *muamalah fiqh*. The primary objective of “*muamalah fiqh*” is to enable economic participants to differentiate between what is lawful and virtuous (*halal*) and what is prohibited (*haram*), ultimately leading to the realization of a sustainable system of Sharia-compliant economics and finance.

This concept of Islamic law emphasizes the importance of achieving a harmonious balance between material and spiritual needs. This approach to applying Islamic law seeks to preserve its relevance in contemporary times. An illustrative example is the application of principles of social justice in the administration of *zakat* (Islamic tax).<sup>21</sup> Contemporary Muslim scholars in the field of Islamic economics place significant emphasis on various aspects, including wealth management, consumption patterns, socio-economic security, good corporate governance, sustainable resource development, ethical considerations in *halal* and haram business transactions, and the principles of profit and loss sharing.<sup>22</sup> Business ethics in the Islamic context involves a continuous process and effort in conducting moral actions, fulfilling responsibilities, and adhering to human ethical standards regarding products and services. This adherence must align with the principles of Islamic law, all in pursuit of seeking the pleasure of Allah *Subhanahu wa ta'ala* (The Most Holy and Most High). Islamic business ethics provide

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<sup>20</sup> M. Fahim Khan, ‘Fiqh Foundations of the Theory of Islamic Economics: A Survey of Selected Contemporary Writings on Economics Relevant Subjects of Fiqh’ in *Theoretical foundations of Islamic economics* (Islamic Development Bank 2002).

<sup>21</sup> Monzer Kahf, ‘The Principle of Socio-Economic Justice in the Contemporary Fiqh of Zakah’ (1999) 1 *IQTISAD Journal of Islamic Economics* 24.

<sup>22</sup> Akilu Aliyu Shinkafi, Nor Aini Ali and Masudul Choundhury, ‘Contemporary Islamic Economic Studies on Maqasid Shari’ah’ (2017) 31 *Humanomics* 354.

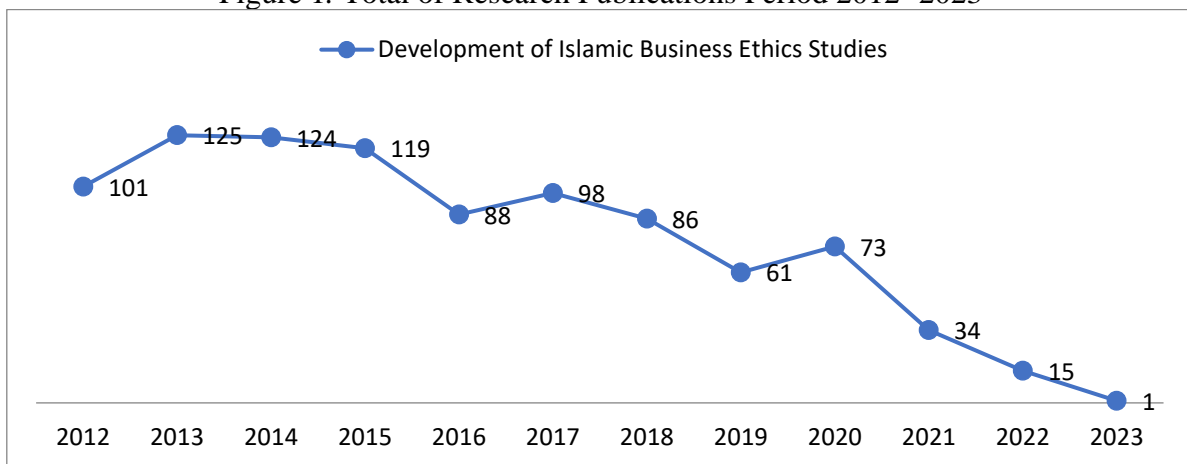
people with guidance on how to lead their lives, emphasizing the importance of adopting the right attitudes and taking appropriate actions.<sup>23</sup> In the practice of Islamic business ethics, business leaders play a pivotal role in fostering a culture of ethical conduct within their organisations. Three components require careful consideration: firstly, a visionary perspective capable of inspiring the desired standards; secondly, a value system based on the principles of Islamic business ethics, which encompass fairness, integrity, efficiency; and lastly, the courage required to make sound business decisions.<sup>24</sup>

Previous studies have identified three factors influencing individual business ethics behaviour: legal, moral, family, and the influence of family and peers. Delving deeper, moral considerations were found to significantly impact individual unethical behaviours, such as lying, stealing, and deceiving others.<sup>25</sup>

### III. THE RULES OF ISLAMIC BUSINESS ETHICS FOR THE DEVELOPMENT OF THE HALAL INDUSTRY

The first finding discusses the development trend of a literature review, centring on the principles of Islamic business ethics in the *halal* industry. The study’s scope encompasses various sectors within the *halal* industry, including food and beverage, Muslim-friendly tourism, cosmetics and pharmaceuticals, fashion, and arts and culture. The findings reveal the growth in the number of research publications on Islamic business ethics over the last decade, as depicted in Figure 1.

Figure 1. Total of Research Publications Period 2012 -2023



Source: Processed data, 2023

From Figure 1, it’s evident the total number of documents on Islamic business ethics published until April 2023 has declined. However, the overall citation index remains noteworthy at 158240, with an average annual citation of 14385.45 and an average of 171.07 citations per article. This shows that research on Islamic business ethics exhibits a high level of quality, relevance to contemporary issues, and can be well-documented with sufficient accountability. Unfortunately, there has been a sharp decline in the last five years, particularly in 2019 (61

<sup>23</sup> Rafik Issa Beekun, ‘Islamic Business Ethics’ (2019) 20170 *Islamic Business Ethics* 1.

<sup>24</sup> Tanri Abeng, ‘Business Ethics in Islamic Context: Perspectives of a Muslim Business Leader’ (1997) 7 *Business Ethics Quarterly* 47.

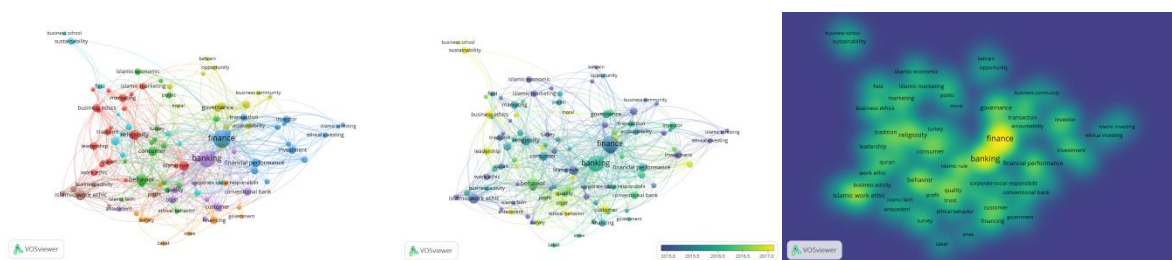
<sup>25</sup> Samir Ahmad Abuznaid, ‘Business Ethics in Islam: The Glaring Gap in Practice’ (2009) 2 (4) *International Journal of Islamic and Middle Eastern Finance and Management* 278.

documents), 2020 (73 documents), 2021 (34 documents), 2022 (15 documents), and 2023 (1 document).

This indicates a current lack of enthusiasm for researching Islamic business ethics within the global business sphere. Nevertheless, it's crucial to emphasize that Islamic business ethics hold significant importance for business practitioners, particularly within the *halal* industry, as they serve as a means to avoid committing sins and bringing exceptional blessings.

The principles of Islamic business ethics offer logical and sharia-compliant solutions, thereby becoming essential prerequisites for *halal* industry players to achieve success in both this world and the hereafter.

Figure 2. Visualisation of Islamic Business Ethics Bibliometric Network



Source: Processed data, 2023

Based on Figure 2, the network visualisation depicts the mapping results of the Islamic business ethic topics publication data from the keyword 'Islamic business ethics' covering the period from 2012 to 2023. A total of 107 research topic items associated with Islamic business ethics have been identified, appearing at least five times in the PID speed control database. These topics are categorised into eight clusters. Out of the initial 107 items, the dominant keywords used by previous researchers were consolidated into 89 items, as they shared the same topics. Beginning with cluster 1, this group comprises 15 items, namely attitude, business ethics, consumption, gender, Islamic marketing, Islamic religiosity, Islamic rules, Islamic teaching, Islamic tradition, leadership, the Middle East, Quran, recognition, tradition, and work ethic. Moving on to cluster 2, it consists of 14 items, which are behaviour, consumer, economic, ethical behaviour, ethical decision making, *halal*, Islamic business, Islamic economics, Islamic ethical value, Islamic faith, Islamic religion, Muslim, politics, and Turkey.

Cluster 3 consists of 12 items, which include business model, consideration, empirical study, ethical investment, financial institution, financial performance, financial system, growth Islamic investing, *maqasid al shariah* (the objectives of law), responsible investing, sharia, and transaction. Cluster 4 consists of 12 items, namely Bahrain, the business community, corporate governance, education, ethical conduct, ethical standards, governance, Islamic accounting, Islamic financial institutes, morals, and opportunity. Cluster 5 consists of 12 items, namely adherence, banking, China, conventional banking, customer, customer loyalty, customer satisfaction, earnings management, Islamic banking industry, quality, transparency, and trust. Cluster 6 consists of 9 items, which are banking sector, business school, effectiveness, ethical responsibility, ethical theory, Islamic banking system, spirituality, sustainability, and workplace. In Cluster 7, there are nine items, namely corporate social responsibility, financing, government, individual, Islamic microfinance, potential, poverty, SMEs, and *zakat*. Lastly, Cluster 8 consists of the following six items: business activity, Islamic work ethics, job satisfaction, organizational citizenship, organizational community, and profit.

The overlay shows traces of research history, with a deeper shade of blue indicating that the topic has been extensively explored by previous studies. As the colour transitions toward yellow, it signifies that the topic has received relatively less attention in research. Among the topics, those related to sustainability appear to be the least closely connected to the topic of Islamic business ethics. Research trends from 2017 to the present have focused on exploring the relationship between Islamic business ethics and various aspects, including leadership, profit, trust, customers, financial systems, morals, and *halal* values.

The density metric provides an indication of the concentration or emphasis within the research groups, highlighting areas where research is limited. Topics that are infrequently researched include financial systems, corporate social responsibility, attitude, accountability, and ethical theory. Conversely, the most extensively researched area involves the connection between Islamic business ethics and Islamic banking financial institutions. This suggests that studies focusing on Islamic business ethics within the context of the *halal* industry remain relatively scarce.

Despite some research efforts to connect Islamic business ethics with sustainable economics, the theoretical foundation in this area remains somewhat underdeveloped. It is theorized that studies in Islamic law studies will play a crucial role in strengthening comprehension of the significance of Islamic business ethics within the *halal* industry, particularly in fostering a sustainable economy.

The second finding explores the establishment of Islamic law within the framework of Islamic business ethics for the *halal* industry in Muslim-majority countries. The study of Fiqh in this research falls under the category of Fiqh that can be understood through the meaning and wisdom of a law derived by human reasoning, known as *ma'qul al-ma'na*. This rational approach implies that the provisions of the text are not absolute, and it leaves room for *ijtihad*, allowing Muslims to “ground” the provisions of Islamic law based on reason and understanding.

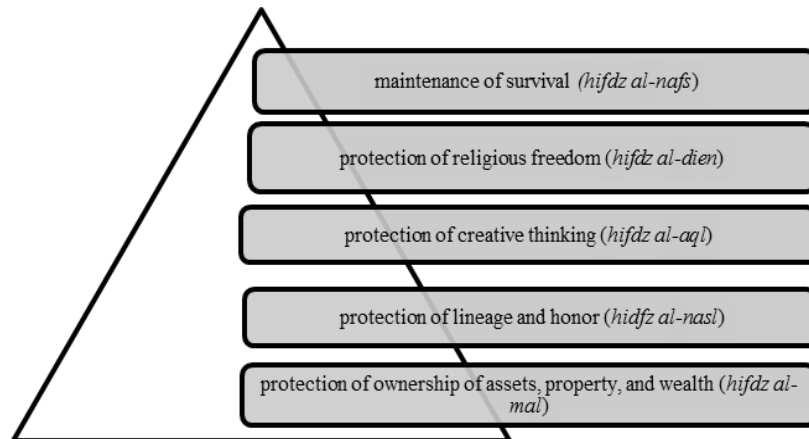
There are five primary pillars of Islamic law, along with six principles of Islamic business ethics, and five *muamalah* rules, all of which are crucial for *halal* industry participants to comprehend. These three theoretical studies provide an understanding of the process of establishing ethical relationships with others in the business world from the perspective of Islamic law. The management of Fiqh construction within the framework of good and correct Islamic business ethics is expected to motivate *halal* industry players to understand the process of managing or regulating the development of the *halal* industry in a manner that aligns with Sharia principles. This approach aims to ensure that the practices adhere to Sharia principles and yield outcomes that are advantageous for the community.

The primary objective of the *halal* industry is to serve the welfare of the ummah (Muslim community). The framework of *maqasid al shariah* holds a significant role in guiding the development of the *halal* industry towards sustainability in Muslim countries.<sup>26</sup> To achieve this, the activities of the *halal* industry cannot be separated from the five main pillars of Islamic law (Figure 1).

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<sup>26</sup> Masudul Alam Choudhury, ‘Principles of Islamic Economics’ (1983) 19 Middle Eastern Studies 93.

Figure 3. The Five Main Pillars of Islam



Source: al Ghazali (1979)<sup>27</sup>

Figure 3 illustrates that the five pillars cover both material and spiritual aspects, fostering a harmonious balance that underpins the establishment of a *halal* industrial order imbued with social and ethical values in society. This aligns with the divine message found in the Qur'an, specifically in Surah Al-Anbiya (The Prophets) 21: 107, which reads:

وَمَا أَرْسَلْنَاكَ إِلَّا رَحْمَةً لِّلْعَالَمِينَ

“107. and We have not sent you, but to (become) mercy to the worlds.”

Then in Qur'an Al Baqarah (the Cow) 2: 201-202, it reads:

وَمِنْهُمْ مَّن يَّقُولُ رَبَّنَا آتِنَا فِي الدُّنْيَا حَسَنَةً وَفِي الْآخِرَةِ حَسَنَةً وَقِنَا عَذَابَ النَّارِ أُولَٰئِكَ لَهُمْ نَصِيبٌ مِّمَّا كَسَبُوا ۗ وَاللَّهُ سَرِيعُ الْحِسَابِ

“201. But among them is one who says, “Our Lord, grant us goodness in this world and goodness in the hereafter, and protect us from the punishment of the Fire. 202. They will receive a portion of what they have earned, and Allah is swift in account.”

Based on the Qur'anic verses, it's evident that Islamic law is implemented for the welfare of the ummah. Consequently, the objective of adopting Islamic business ethics in the *halal* industry aligns with this overarching aim. Hence, if participants in the *halal* industry disregard the *maqasid al shariah* or the universal goals of sharia, it may lead to a significant erosion of Islamic values. The Qur'anic verse in Surah An-Nisa (The Women), 4:29-32, states:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ ۗ وَلَا تَقْتُلُوا أَنْفُسَكُمْ ۗ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا ۗ وَمَنْ يَفْعَلْ ذَلِكَ عُدْوَانًا وَظُلْمًا فَسَوْفَ نُصَلِّبُهُ نَارًا ۗ وَكَانَ ذَلِكَ عَلَى اللَّهِ يَسِيرًا ۗ إِنْ تَجْتَنِبُوا كِبَائِرَ مَا تُنْهَوْنَ عَنْهُ نُكَفِّرْ عَنْكُمْ سَيِّئَاتِكُمْ وَنُدْخِلْكُمْ مُدْخَلًا كَرِيمًا ۗ وَلَا تَتَمَنَّوْا مَا فَضَّلَ اللَّهُ بِهِ بَعْضَكُمْ عَلَى بَعْضٍ ۗ لِلرِّجَالِ نَصِيبٌ مِّمَّا كَسَبُوا ۗ وَلِلنِّسَاءِ نَصِيبٌ مِّمَّا كَسَبْنَ ۗ وَسَأَلُوا اللَّهَ مِنْ فَضْلِهِ ۗ إِنَّ اللَّهَ كَانَ بِكُلِّ شَيْءٍ عَلِيمًا

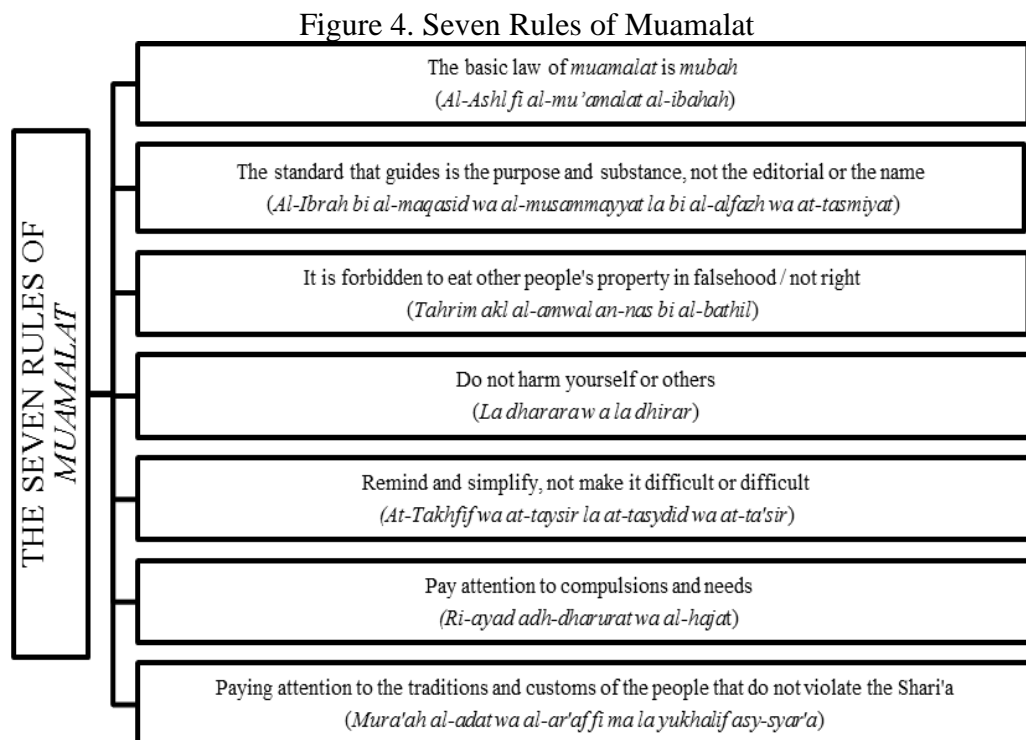
<sup>27</sup> Al-Ghazali, *Al-Wajiz Fi Fiqh Madzhab Al-Syafi* [Fiqh is based on the al-Shafi'i school of thought], vol I (Dar al-Ma'rifah 1979) 232 .



“29. O you who have believed, do not unjustly consume one another’s wealth or property, but engage in lawful trade by mutual consent. And do not take your own lives or the lives of others. Indeed, Allah is ever Merciful to you. “30. And whoever engages in such aggression and injustice, We shall cast them into the Fire, and for Allah, this is effortless. “31. If you avoid the major sins that you are forbidden, We will remove your lesser sins from you and admit you to a noble entrance [into Paradise]. “32. And do not wish for that by which Allah has made some of you exceed others. For men is a share of what they have earned, and for women is a share of what they have earned. And ask Allah of His bounty. Indeed, Allah is ever, Knowing of all things.”

Islamic law believes that worldly wealth belongs to Allah *Subhanahu wa ta’ala*, and humans only have the right to use it for purposes justified in Islamic law. For this reason, there are rules or *muamalah* principles that govern the various *muamalat* of mankind.

The *muamalah* rule is a set of *shariah* laws governing various Islamic economic activities, including but not limited to buying and selling, leasing, and mortgages. This fiqh requires a deep understanding of the objectives of the *shariah* (*maqasid al syariah*) regarding the property that Islam aims at in law-making and its moral messages and general principles (*al-qawa’id al-kulliyah*) which derives partial law and is used as a reference for concluding *muamalah* law. Al Qardhawi (2014) has outlined seven main *fiqh* principles, as presented in Figure 4.



Source: al-Qardhawi (2014)<sup>28</sup>

As per Figure 4, Fiqh *muamalah* approaches various phenomena from the perspective of charitable laws (*furu'*), and it sets criteria for permissibility unless there exists a clear and explicit text that prohibits it. In such cases, individuals are allowed to engage in economic activities within the *halal* industry, provided they adhere to the principles of *halal*. However,

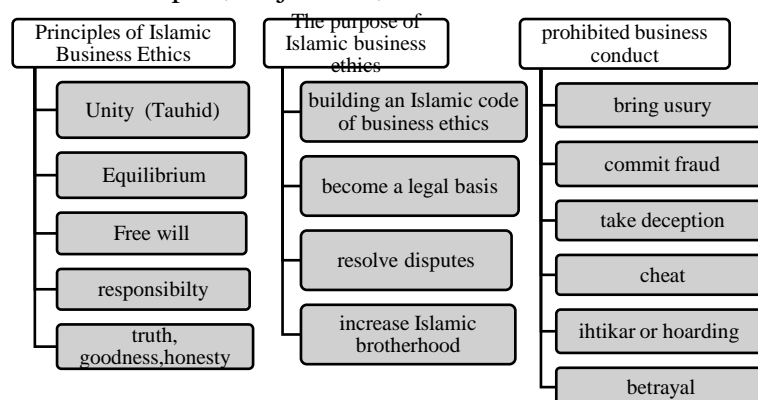
<sup>28</sup> Yusuf Al-Qardhawi, *7 Kaidah Utama Fikih Muamalat [7 Main Principles of Muamalat Fiqh]*, Ahmad Zirzis (ed) (1<sup>st</sup> edn, Pustaka Al-Kautsar 2014) 7.

in cases where some of these activities involve money that is either recommended or disallowed by Shari'a, as long as there is no strict prohibition in place all of these activities remain unrestricted (*muthalaq*), by default.<sup>29</sup> It should be understood that when a transaction is conducted, the benchmark is not the editorial used by the two parties engaging in the transaction, but rather their genuine intent as conveyed through the words spoken during the transaction.

The practice of the *halal* industry must not contain five elements. First, *maysir* or gambling, as it involves harmful elements that lead individuals closer to the nature of greed and property damage. Second, *gharar* or uncertainty, because transactions involving it contain an element of tyranny for one of the parties involved. Third, the practice of usury, as it contains elements of tyranny for individuals in debt, fosters a culture of laziness and widens the socioeconomic disparities. Fourth, illegitimacy occurs when the object being traded is inherently illegitimate, rendering the transaction invalid. Fifth, vanity is prohibited, signifying that tyranny is not permissible against either party involved in economic transactions. Economic transactions must prioritize equal willingness and fairness. Conversely, Islamic business ethics is permissible under Islamic law,<sup>30</sup> aiming to benefit society, mitigate human hostilities and disputes, and seek blessings from Allah *Subhanahu wata'ala*.

Within the realm of *halal* industry activities, the application of business ethics principles holds paramount importance in preventing. Research has shown that Islamic business ethics offers numerous benefits, particularly in steering clear of business practices that are prohibited by Islamic law. According to Badawi (2001), moral accountability is rooted in faith and devotion to Allah *Subhanahu wata'ala*, along with the recognition of human nature as caliphs in the world. This perspective emphasizes that humanity must exert diligent efforts and ensure adequate productivity in their business endeavours. Islamic business ethics, within jurisprudence, promotes lawful behaviour grounded in Islamic normative teachings and backed by societal norms and government roles. The objectives of Islamic business ethics are revered for their numerous virtues.<sup>31</sup> In this context, *halal* industry participants must adhere to the implementation of five key principles of Islamic business ethics, as depicted in Figure 5.

Figure 5. Prohibited Principles, Objectives, and Behaviours in Islamic Business Ethics



Source: Badawi (2001)<sup>32</sup>

<sup>29</sup> Salim Rashid, 'Economic Concepts of Ibn Taimiyah. By Abdul Azim Islahi (Book Review)' (1990) 63 Pacific Affairs 547.

<sup>30</sup> Al-Qardhawi (n 28) 70 .

<sup>31</sup> Jamal A Badawi, *Spiritual Goods: Faith Traditions and the Practice of Business* (Philosophy Documentation Center 2001) 412.

<sup>32</sup> *ibid.*

Referring to Figure 5, Islamic business ethics emphasizes monotheism, commits to justice in *halal* industry activities, and condemns fraudulent behaviour. Literature shows that applying these principles is pivotal for business success. In the context of business activities, *halal* industry players not only meet human needs but also must fulfil societal obligations through society through *zakat* and *infaq* (alms). These practices serve as both a legal foundation for Islamic business conduct and ethical principles that can resolve conflicts, mitigate losses, and strengthen Islamic *ukhuwah* (brotherhood). *Halal* industry players can achieve profession to earn the high trust of consumers. To secure consumer loyalty, they must refrain from engaging in business practices forbidden in Islamic economic activities.

Islamic law is receptive to the development of the *halal* industry, encompassing progress in science and technology, culture, and carefully considered ideas. Contemporary jurisprudence provides dynamic and forward-thinking methods of interpretation. The objective is to inspire the *halal* industry to conduct economic activities in accordance with Islamic law, which embodies mercy, fairness, benefits, and wisdom for humanity. This research introduces a novel perspective by revealing that theoretical underpinnings of jurisprudence in Islamic business ethics, when put into practice within the *halal* industry, can pave the way for economic sustainability.

In contrast to previous studies that examined Islamic business ethics within banking and financial institutions,<sup>33</sup> this finding underscores the importance of prioritizing the implementation of Islamic business ethics within the global *halal* industry over ethics influenced by Western ideologies. Contemporary jurisprudence in Islamic business ethics characterises a dynamic work ethic in business operations,<sup>34</sup> a trait substantiated by numerous studies examining the impact of Islamic business ethics on the economy.<sup>35</sup> In the end, studies in Islamic law within the context of Islamic business ethics contribute to the enhancement of human conduct in *halal* industry activities. Islamic business ethics underscores the importance of understanding the ethical teachings and values encompassed by *Ahkam al-khamsah* (the five rules) *Wajib* (obligatory), *Haram* (unlawful), *Mustahab* (recommended), *Makru* (disliked) and *Mubah* (permissible) within the *halal* industry.

#### IV. CONCLUSION

Based on the research findings, two significant points can be discerned. First, there has been a decline in the development of literature reviews delineating the principles of Islamic business ethics for building the *halal* industry over successive periods. Therefore, it is essential to conduct future studies aimed at uncovering empirical evidence supporting the benefits of implementing Islamic business ethics among *halal* industry participants. This pursuit seeks to secure Allah's blessings and approval while averting dishonourable behaviour and all manner of tyranny in the world. Second, to achieve economic sustainability, the establishment of business ethics rests upon the foundation of the five main pillars of Islamic law, the five principles of *muamalah*, and the five principles of Islamic business ethics.

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<sup>33</sup> Muhammad Farhan Basheer and others, 'Islamic Business Ethics and Islamic Banks Performance in Malaysia: Does Sincerity Matter' (2019) 42 *Natural Product Reports* 217.

<sup>34</sup> Sidani and Al Ariss (n 18).

<sup>35</sup> Hayfaa A. Tlaiss, 'How Islamic Business Ethics Impact Women Entrepreneurs: Insights from Four Arab Middle Eastern Countries' (2015) 129 *Journal of Business Ethics* 859.

In conclusion, the examination of Islamic law, supported by literature, empowers *fiqh* to provide perspectives and legal frameworks concerning the implementation of Islamic business ethics within the *halal* industry. *Fiqh* education serves as a conduit for embedding knowledge within *halal* industry players, enabling them to distinguish between virtuous and unethical business ethics.

These findings are expected to support the government strategies in Muslim-majority countries aimed at developing the competitiveness of the *halal* industry. Additionally, they hold the potential to make meaningful contributions to the field of contemporary *muamalah fiqh*. Strengthening the *halal* value chain, Islamic finance, MSMEs, and the digital economy must be accompanied by high-calibre human resources, both in physical and spiritual aspects. This approach enables the attainment of a sustainable economy capable of establishing and preserving harmonious and productive resource conditions.