

# **Economic Sustainability From Maqasid Al-Shariah Perspective In Ir 4.0 Era**

Mohd Shahid Mohd Noh<sup>1</sup>

## **ABSTRACT**

*Economic sustainability is a branch from the objective of hifz al-mal under the framework of Maqasid al-Shariah. In macro perspective, it potentially brings masalah to society on the long run and generates prosperity in human life. This paper clarifies how Islam views the economic sustainability as well as the pillars or main tenets of it. Then, this paper also clarifies the principles for achieving economic development derived from the evidences of Al-Quran and Sunnah which also aligned with the Maqasid al-Shariah. Besides, Sustainable Development Goals (SDGs) as initiated by United Nations also seemed aligned with the Maqasid al-Shariah in realizing economic sustainability in society. This paper justifies zakat and waqf are the main instruments that proven the effectivity in creating sustainability by having consistent income and well distributed among recipients and beneficiaries for various causes and reasons for economic purposes. This paper also suggests to enhance further research in this particular topic empirically in order to guide industry players to decide or act towards the sustainability.*

**Keywords:** *Economic sustainability, Maqasid al-Shariah, IR 4.0*

## **INTRODUCTION**

Every people may dream of living in a place that has a better development, good in governance and complete with basic needs. All these things can be achieved when we meet the way on how to sustain the economy, social and environment. Human is a creation that needs to play his role and be responsible on how to achieve the sustainable development.

In this study, we will focus on the sustainable economic in Islamic perspective. In Islamic perspective, economic development should consist the objective of shariah which is *Maqasid al-Shariah*. *Maqasid al-Shariah* is the aims or goals intended by Islamic law for the realization of benefit to mankind. The primary objective of Islamic law is the realization of benefit to mankind, concerning their affairs both in this world and the hereafter. The main objective of Islamic law is to bring benefits to mankind and to prevent them from harm. All of the statements that stated the economic sustainable consists the objective of Shariah will be proved by the evidences from Al-Quran and *Sunnah* that will be explained in this paper. Al-Quran and *Sunnah* are the primary sources given by Allah that have be used by Islam in guiding people to the right way. Besides, this paper also ascertains several ways to achieve economic sustainability in today's situation.

---

<sup>1</sup> Department of Syariah and Economics, Academy of Islamic Studies Universiti Malaya, 50603 Kuala Lumpur, Wilayah Persekutuan.

## HOW ISLAM DEFINES ECONOMIC SUSTAINABLE

Sustainable development refers to economic and sustainable development that meets the needs of the current generation without undermining the ability of future generations to meet their own needs (Patmawati I. at el., 2010). It means that the needs of human must be continuously prevailed at the current time and for future while the environment must be preserved concurrently. The aspects that we must sustain are maintaining the economic growth, achieving inter-generational equity in the use of natural resources, and restricting as far as possible the increase in pollution for maintaining the quality of environment (Zubair Hassan, 2006). The aim of economic sustainability is to maintain the needs of the present without compromising the ability of future generations to meet their own needs.

In Islamic perspective, economic sustainable can be defined same as the conventional meaning. The difference between economic sustainable in conventional and Islamic perspective is about the consists of spiritual needs (Patmawati I. at el., 2010). In conventional economic sustainable, it only focuses on how to fulfil the material needs to human such as water, foods, housing, employment and other needs, but in Islam, it makes the spiritual needs important same as the material needs (Joni Tamkin B., 2008). Both needs are important to help Muslim get a balance live in the world and hereafter. Muslims are not forbidden from enjoying the material needs and wealth unless they are not neglecting the spiritual demands. Spiritual aspect is very important as it is help in shaping human behaviour either good or bad.

## THREE PILLARS OF SUSTAINABLE ECONOMIC DEVELOPMENT

There are three pillars that have to be followed which are environmental pillar, economic pillar and socio-political pillar to achieve the sustainable development. Maintaining the good quality of environment is important to achieve the environmental sustainability.

Environmental pillar is a system that maintains stable basic or natural sources, avoids over-exploitation of renewable resources and reduction of the non-renewable resources usage (Junaid Qadir & Asad Zaman, 2018). This is to ensure the continuity of a good environment in the present. So, it can be felt and enjoyed by future generations. Doing good deeds is an element that must exist in someone to maintain the decent quality of environment. All humans must play their role in doing good deeds to the environment including not destroying it, keeping the flora and fauna, preserve the wild animal, save and preserve natural resources, reduce and better manage waste and many more.

The second pillar is economic pillar. An economically sustainable system must be able to produce goods and services continuously, maximizing welfare over time by maximizing the utilities of consumption.<sup>2</sup> In achieving economic sustainability is by having a good governance. A good governance must have the characteristics of an effective leader, not corrupt, responsible, good in making decisions in smoothing the administration and so on.

The third pillar is socio-political pillar. Socio-political pillar is important in guaranteeing enough for a decent living to establish social justice and maintain economic equilibrium. The important aspect that needs to be focus on this pillar is about income distribution. Income distribution must be stepped up so that growing income inequality will no longer be tolerated but dealt with firmly because without satisfactory income distribution, sustainable development can hardly be attained (Patmawati I. at el., 2010). Similarly, the basic

---

<sup>2</sup> N/A. Understand the Three Pillars of Sustainability. Retrieved from <https://meuresiduo.com/en/blog-en/understand-the-three-pillars-of-sustainability/>

needs must be sufficient in order to create prosperous society such as education, health, services, food, shelter and others.

### **ISLAMIC PRINCIPLES FOR SUSTAINABLE ECONOMIC DEVELOPMENT**

Basically, the Islamic principles that can help in achieving the sustainable economic development is the *Maqasid al-Shariah* itself. The protection of ad din, life, dignity, aql and wealth are the elements in *Maqasid al-Shariah* which lead to give benefit and welfare to Muslim. The first principles is the protection of *al-din* or religion (Patmawati I. at el., 2010). The protection of ad din at the personal level is achieved through the observance of the different kind of *ibadah* or worship. *Aqidah* or Islamic creed, *ibadah* as well as *mu'amalat* covers human interactions to another, which are legitimate to all Muslims intend to manage the relationship between Muslims and Allah and also among Muslims themselves. As a leader, it is importance to make sure that the importance of ad din placed in the first place. Same goes to Muslim's *aqidah* that have to give more focus so that Muslims will be more loyal to Allah and prioritize its messenger then loyal to their leader. Islam's religion helps in shaping its people to do good deeds, faithful and loyal to Allah.

The second elements of Islamic principles for sustainable economic development is protection of life. Protection life is preserving social equality, justice, security of life, property and dignity, good governance, reducing poverty and meeting employment needs, equitable distribution of income and wealth and crime reduction as well as peace and stability. A leader needs to play his role by preventing crime or murder from happening. When lives are not preserved then the country will face destruction, while peace and tranquillity will be lost.

The third and highest goal of Islam is the preservation of the mind or intellect. Allah Most High has commanded us to preserve our minds, so he has prohibited all means of destroying them through toxins and alcohol. That is, Allah Almighty has given and distinguished humans from all other creatures through the grace of the mind, which means the ability to distinguish and make choices, as well as solve life's difficulties (Saeed, Maryam, 2019).

Some Quranic texts that encourage humans to use their minds to contemplate Allah Almighty's creation and their succession on earth are: "O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful." (5:90).<sup>3</sup>

Next, the preservation of lineage or offspring is Islam's fourth higher goal. Shari'ah has legitimised marriage and reproduction for the sake of perpetuating human offspring, and Shari'ah has forbade adultery and assigned a legal punishment (*had*) to those who commit it. This is done to protect the lineage.

And the punishment is stated as follows: "The [unmarried] woman or [unmarried] man found guilty of sexual intercourse - lash each one of them with a hundred lashes, and do not be moved by pity for them in Allah's religion, if you believe in Allah and the Last Day." Allow a group of believers to witness their punishment." (24:23).<sup>4</sup>

Furthermore, the preservation of wealth and property is Islam's fifth higher goal. Preservation of wealth is one of the basic principles outlined under the category of *daruriyyah*. Indeed, the objectives of *Shariah* aim to preserve and encourage society to pay great attention to wealth and property preservation. There are several evidence from the Qur'an and Hadith that encourage the acquisition of property and wealth as well as the protection of property and

---

<sup>3</sup> The Quran 5:90 (Translated by Dr. Mustafa Khattab)

<sup>4</sup> The Quran 24:23. (Translated by Dr. Mustafa Khattab)

wealth in the Shariah. In Islam as well, property must be preserved and taken care of by avoiding any illegal means of acquisition. In the Holy Qur'an, Allah Almighty says:

"And do not unjustly consume one another's wealth or send it [in bribery] to the rulers in order that [they may aid] you in consuming a portion of the wealth of the people in sin, while you know [it is unlawful]." (2:188).<sup>5</sup>

In addition, Islam also provides some principles as a guideline for the Muslims in their decision of implementing sustainable economic development. These principles concentrate on protecting human interest from any harm as under the principle of "wrong is to be undone" (Ibn Nujaym, 1993). Besides, this principle shows that nobody can do any harm to anyone and anything in this earth includes people, animal, and plants. The implementation of this principle can be seen under the price regulation. Islam allows free market operation under the normal situation but, in the case when traders manipulate market prices and keep necessities until they pile up then in this case, it is the government that should play a role in setting price controls in order to protect the interests of consumers. By doing so the government will be preventing the general harm by tolerating a particular harm (Patmawati I. at el., 2010).

## SOURCES OF THE ECONOMIC SUSTAINABILITY IN ISLAM

### A) Guidelines And Principles From Quran In Pertaining To Economic Development

Al-Quran is a comprehensive guidance book for mankind. It teaches us our religious obligations, our obligations to Allah and His servants, what is and is not allowed in our faith. It is words from Allah that contains teachings related to all aspects of life. Al Quran also contains many teachings related to a good economy. Our duty as Muslims is to follow Islamic teachings and pay attention to the guidelines dictated by Allah in the Al-Quran.

One of the guidelines that was written in Quran is about working. To be more precise, work hard on wealth to draw closer to Allah and do not ruin the world. As mentioned in Surah Al-Qasas verse 77:

وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا وَأَحْسِنْ كَمَا أَحْسَنَ اللَّهُ إِلَيْكَ وَلَا تَبْغِ الْفَسَادَ فِي الْأَرْضِ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ

Which means: "Rather, seek the 'reward' of the Hereafter by means of what Allah has granted you, without forgetting your share of this world. And be good 'to others' as Allah has been good to you. Do not seek to spread corruption in the land, for Allah certainly does not like the corruptors."

In this verse, Allah explains four advice and guidance in running a life in the community (Sulistiyaningrum, 2020). By adopting this advice and guidance, we will gain well-being life in this world and the Hereafter, which will ensure economic stability.

Firstly, the great wealth and immense blessing which Allah has bestowed upon us should be used to worship Allah and draw closer to Him. Use those wealth *fi sabilillah*, in the way of Allah, in good things. When we spend our wealth *fi sabilillah*, we will be rewarded in this world and in the Hereafter.

This point clearly shows us that Islam urges its ummah to use Allah's gift wisely. This is cohering with the saying of The Prophet s.a.w in Riwayat Imam Al-Baihaqi from Ibnu 'Abbas:

<sup>5</sup> The Quran 2:188. (Translated by Dr. Mustafa Khattab)

اِغْتَنِمِ خَمْسًا قَبْلَ خَمْسٍ: شَبَابَكَ قَبْلَ هَرَمِكَ وَصِحَّتَكَ قَبْلَ سَقَمِكَ وَغِنَاكَ قَبْلَ فَقْرِكَ وَقُرَاعَكَ قَبْلَ شَعْلِكَ  
وَحَيَاتَكَ قَبْلَ مَوْتِكَ (رواه البيهقي عن ابن عباس)

Means: *Take advantage of five matters before five other matters: your youth, before you become old; your health, before you fall sick; your wealth, before you become poor; your free time before you become busy; and your life, before your death.*

Next, it can't be denied that Allah demands us to use the wealth *fi sabilillah*, but at the same time, Allah still permits humans to enjoy and experience the pleasures of the world such as food, drinks, clothing, dwelling places or any other pleasures of the world if they do not contradict the teachings outlined by Allah.

The Prophet s.a.w said:

اعْمَلْ عَمَلِ امْرِئٍ يَظُنُّ أَنْ لَنْ يَمُوتَ أَبَدًا، وَاحْدَرِ حَدْرًا امْرِئٍ يَخْشَى أَنْ يَمُوتَ غَدًا (رواه البيهقي عن ابن عمر)  
Means: *Work in such a way as if you would never pass away, and fear so as if you would die tomorrow.*

This context is not a text that the work mentioned in it is work for the world, rather it appears from it that it means work for the hereafter, and the purpose of it is to urge to continue gently in the righteous work, and not to stop from it. Islam does not prevent its ummah from doing an act to meet their needs and self-satisfaction if they are alive. It is permissible if they know the limits that need to be taken care of and the prohibitions of Allah that need to be shunned, which will lead to the wrath of Allah.

Thirdly, everyone should do good to others as Allah did good to him. When someone does good things for others, it encourages them to do the same in the future. It is also a source of happiness and peace, to know that someone suffers less because of you. There are many good reasons why we need to be good people and help make our society a better place.

For the fourth point, don't allow us to expect to spread corruption on earth and cause damage to Allah's creation. Everyone is forbidden to do mischief on the earth, and to do a negative thing to one another, for Allah does not love the evildoers.

Generally, this verse addresses exhortation from Allah connecting with the human way of behaving; Utilize this riches and tremendous gift Allah has given you to revere your Lord and be closer to Him by carrying out an assortment of beneficial things which will procure you rewards in this world and the Hereafter. Yet, Allah has allowed His Slaves to enjoy the life. Allah has freedoms over His Slaves, everyone has privileges over themselves, their family has privileges over themselves, and other people have freedoms over themselves. Along these lines, offer every one of them some respect.

Goal 8 of the Sustainable Development Goals is to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all (Usman, A. S., & Tasnim, R., 2016). It is to achieve long-term, inclusive, and sustainable economic growth, as well as full and productive employment for all people (Frey, D. F., 2017).

This principle from Al-Quran shows the link with this goal. If everyone considers this guideline to be extremely significant, it will have a good impact on society's economy. Everyone goes to great lengths to work. It is true that having a job does not guarantee that a person or a country will be free of poverty. However, if everyone works and contributes in their respective fields, the country's poverty levels can be reduced as it is one of living standard variables (Alkire, S., & Santos, M. E., 2010). It is beneficial to the economy and will result in a sustainable economy.

Another guideline in Quran relating to sustainable economic is about waste minimizing. The Quran says:

وَهُوَ الَّذِي أَنْشَأَ جَنَّاتٍ مَعْرُوشَاتٍ وَغَيْرَ مَعْرُوشَاتٍ وَالنَّخْلَ وَالزَّرْعَ مُخْتَلِفًا أَكْلُهُ وَالزَّيْتُونَ وَالرُّمَّانَ مُتَشَابِهًا وَغَيْرَ مُتَشَابِهٍ ۗ كُلُوا مِنْ ثَمَرِهِ إِذَا أَثْمَرَ وَآتُوا حَقَّهُ يَوْمَ حَصَادِهِ ۚ وَلَا تُسْرِفُوا ۚ إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ

Which means: “*He is the One Who produces gardens—both cultivated and wild—and palm trees, crops of different flavours, olives, and pomegranates—similar ‘in shape’, but dissimilar ‘in taste’. Eat of the fruit they bear and pay the dues at harvest, but do not waste. Surely He does not like the wasteful.*”

In this verse, Allah command us not to waste, and He also teaches how to avoid it. God educates us to impart our food to poor people — not from extras after it's been to the market, however around the same time it is gathered.

As we see in the following verse of Quran:

يَا بَنِي آدَمَ خُذُوا زِينَتَكُمْ عِنْدَ كُلِّ مَسْجِدٍ وَكُلُوا وَاشْرَبُوا وَلَا تُسْرِفُوا ۚ إِنَّهُ لَا يُحِبُّ الْمُسْرِفِينَ

Which means: “*O Children of Adam! Dress properly whenever you are at worship. Eat and drink, but do not waste. Surely He does not like the wasteful.*”

Wearing nice, beautiful clothes while eating, drinking, and praying are encouraged in Islam. Obviously, this is community socializing, as to show good image in community and we are free to dress up. On the other hand, flaunting our personal wealth by spending it on expensive clothes in Islam is excessive and wasteful at the same time.

These principles help in stabilizing society. It teaches and guides human beings on how to manage the earth and use all the resources of the earth wisely in order to protect the earth for future generations.

## **B) Maqasid Al-Shariah Improving Economic Sustainability**

Islam promotes economic and social development in a balanced manner. To achieve the Maqasid, Islam emphasises the need of community well-being. In order to realise the Maqasid, Islam emphasises the significance of bettering one's living conditions, which includes education, improved healthcare for the masses, and environmental preservation. The goal of ensuring the Maqasid is to ensure that all stakeholders profit while no one is harmed.

### **1) Education as the benchmark for economic growth**

Higher education is frequently viewed as the central institution in the process of social and intellectual transformation and development. The quality of knowledge generated in higher education institutions, as well as its contribution to the economy, is becoming increasingly important for national competitiveness (Era Sonita, Miswardi, & Nasfi., 2021). When Islam grants the right to freedom of expression and supports the acquisition of knowledge, the intellect is protected. Education is a high-priority long-term investment that cannot be enjoyed immediately, but rather in the future. Education and other incentives that promote the mind's functioning, efficacy, and creativity, as well as preventing things that spoil and obstruct its correct working, such as intoxicants and superstitious beliefs, will help to improve intellect.

Humans are distinguished from animals by their intellect, which allows them to think rationally and act appropriately. As a result, all revealed religions agree on the importance of preserving and improving it. For a society to develop, it must invest appropriately in both protecting and improving the brain, as well as making it creatively productive.

With a focus on developing globally educated citizens, the quality of knowledge generated will lead to high income output, skilled work, and new ideas and innovations. All of these elements have the potential to be significant drivers of economic and social advancement. Economic progress cannot take place without first ensuring that people have access to education. Investing in education is the most cost-effective method to spur economic growth, increase young women and men's skills and prospects, and accelerate progress on all 17 Sustainable Development Goals.

Goal 4 of the 17 Sustainable Development Goals is to guarantee that all people have access to high-quality education and opportunities for lifelong learning (Usman, A. S., & Tasnim, R., 2016). Equity is ensuring that every child, regardless of circumstance, gets the resources needed to get to school and prosper. While equality includes treating all kids the same, equity entails providing all students with the resources they need to achieve. Fairness, which ensures that personal and social circumstances do not prevent students from achieving their academic potential, and inclusion, which establishes a basic minimum standard for all students regardless of background, gender, or region, are essential drivers. Education is a powerful instrument for reducing poverty and inequality while also building the foundation for long-term economic development.

## 2) Religion shapes community ethics

Religion is defined as a collection of laws that control human interaction with God, human interaction with one another, and human interaction with their environment. Along with other economic elements such as science and technology, natural resources, human resources, and investment, religion plays an essential role in establishing community ethics. When it comes to moulding culture, religion plays a critical role. Religion is inextricably linked to a variety of issues, including a country's economics, politics, and people's daily lives. All these variables interact with religion, and together they help shape the culture of a particular group of people. Throughout history, many people have attempted to tackle religion and its impact on culture, but two approaches have proven to be the most successful and well-received by most specialists. Religion has taught about good and evil, saints and sinners, and the selfless ideals that construct lasting cultures as opposed to today's market-based societies' values of greed, lust, indolence, hubris, and violence. Even in religious nations today, those ethical values are mostly absent or only given lip regard while the vast majority pursue self-centred materialistic goals. The effects are no better when religion is replaced by a secular ideology, and terror frequently enforces common ideals rather than the good internal motivation that religion can bring. Islam is also a religion that places a great emphasis on economic activity. Encourage Muslims to seek out substance in order to have a better life. This according to the word of Allah SWT in Surah al-Jumu'ah verse 10,

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِن فَضْلِ اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَّعَلَّكُمْ تُفْلِحُونَ

Which means: "Once the prayer is over, disperse throughout the land and seek the bounty of Allah, and remember Allah often so you may be successful."

This verse demonstrates that Islam is concerned not just with *ukhrawi* but also with *duniawi*, all while remembering Allah. Islam is a balance of worldly and *ukhrawi* orientations, not ignoring or defeating either.

In all aspects of life, Islam provides guidance and direction to all people. Education and religion are intertwined. Humans will readily obtain and attain the welfare and happiness of the world and the afterlife through education and devotion.

In addition, there are also studies that demonstrated the link between Maqasid al-Shariah, Maslahah, ESG's concept (Environmental, Social and Governance) and SRI's instrument (Sustainable and Responsible Investment) in terms of improving social life's wellness, welfare, and well-being. To put it another way, such concepts are focused on protecting wealth, people, and the environment in order to ensure economic sustainability. The preservation and protection of Maqasid al-Shariah primarily focus on five vital matters (religion, life, progeny, intellect, and money) that are crucial for the relief *mafsadah* in society as well as the preservation of the public's interests or *maslahah*. (Haji Wahab, M. Z. & Naim, A. M., 2021). As a result, it might contribute to the

### C) Economic Sustainability and Islam

Islamic scholars believed that most of the SDGs are in accordance with the maqasid Shariah and there is a strong connection as their main purposes are to achieve various socio-economic justice and increasing the welfare of human community. Besides, most Shariah scholars clearly stated that SDGs are partially compatible within the framework of Shariah. The only difference between SDGs and Shariah is in the means (*wasail*). It is because maqasid Shariah are set in stone and aim to establish *maslahah* as well as avoiding or eliminating *mafsadah*. Means (*wasail*), on the other hand, are subject to change and can be classified according to the nature of the maqasid they serve, and they should be adapted to achieve success of the Shariah's goal in the face of ever-changing conditions.<sup>6</sup>

It is undeniable that Sustainable Development Goals (SDGs) are consistent with the ethos and philosophy of Islam. Maqasid al-Shariah emphasizes human happiness from a spiritual, physiological, intellectual, and economic perspective that strengthens ethical awareness and stimulates pro-social behaviour. Islamic social finance institutions such as Zakat and Waqf has great potential to promote sustainable economic development which will allow as many human beings as possible to live spiritually, morally and physically in accordance with the teachings of Islam (Support, I. N., 2019).

The first sustainable development goal is to have no poverty by 2030. In the institution of Zakat, both the payer of Zakat and the receiver of Zakat belong to two different income classes. The payer of Zakat is non-poor with surplus wealth above Nisab while the receiver of Zakat is usually a poor person with no surplus wealth above Nisab. Thus, there is a distinction between the payer and receiver and it helps to achieve targeted income and wealth transfer to the people who are usually the poor people (Ahmed Shaikh, S., & Ghafar Ismail, A., 2017).

Zakat is not only an obligation to all qualified Muslims, but it plays a major role in Islamic fiscal system, especially as a major source of income distribution and a tool of funding for Islamic community economic development. There is a study that reveals how Kedah State Zakat Board has made important strides towards achieving the goal of hunger and poverty elimination (Haji-Othman, Y., Yusuff, M. S. S., & Cheumar, M., 2020). Zakat collections

---

<sup>6</sup> Thought Leadership Series Part 4 - OCTOBER 2021. (n.d.). <https://www.ukifc.com/wp-content/uploads/2021/09/IF-Report-part-4-Oct-2021.pdf>

should be expanded to ensure sufficient funding for distribution to recipients. It is needed to be strategically plan to ensure the effectiveness of Zakat distribution policies to accelerate the process of achieving its hunger and poverty eradication goals. Since this redistribution is based on wealth rather than income, the goal of redistribution will be achieved more efficiently and consistently.

In 2018, in line with SDGs, Kedah State Zakat Board (KSZB) set seven main cores of zakat distribution based on Sustainable Development Goals (SDGs).

<b>SECTOR</b>	<b>ZAKAT DISTRIBUTION (RM)</b>	<b>PERCENTAGE</b>
Cost of Living (1)	58,202,991.96	41.02
Health (5)	3,007,017.09	2.12
Housing (4)	12,100,944.06	8.53
Business (6)	2,640,369.32	1.86
Education (2)	45,673,916.20	32.19
Misfortune (7)	1,584,590.50	1.12
Development (3)	18,663,590.10	13.16
<b>Total</b>	<b>141,873,419.23</b>	<b>100.00</b>

Source: Zakat Info, Kedah State Zakat Board,2018

Shortly, zakat does play an important role in achieving sustainable development goals (SDG). Firstly, the distribution of zakat for the cost-of-living sector is in line with SDGs number one which is no poverty. It is aimed to eradicate poverty and to eliminate hunger while ensuring that the poor and the needy can have safe and nutritious food (Griggs, D., 2013). Secondly, education is in line with the core of the zakat distribution aimed at quality education for all to ensure inclusive and equitable quality education and promote lifelong learning opportunities. It is important for all people to be equated with formal and informal educational opportunities because education can help poor people trying to break out of poverty. Thirdly, distribution of zakat for development sector which is to promote sustained, equitable and sustainable economic growth, full and productive employment and decent work for all. It should be noted that improving employment will have an impact on poverty reduction goals, therefore, the challenge of securing employment needs to be met for all, especially young people. Next, the distribution of zakat for housing which emphasis on sustainable towns and communities for the improvement of human life is in line with SDGs number eleven. In addition, there is also an allocation of zakat for health, business, and unlucky people. The allocation to promote health is consistent with the third SDG which provides health and support well-being for all. It is because there is a sense of urgency to tackle a variety of diseases and tackle emerging health problems to save lives and to raise living standards for the poor. In summary, zakat continuously contributes to maximize public needs and it is possible for reducing inequality and ending poverty.

Meanwhile, Waqf plays an important role in the social institution of Islamic framework. Waqf is an act which the owner of a movable or immovable asset such as money, furniture and cash donates them for the benefits of society. The beneficiaries enjoy its usufruct and income

perpetually. Waqf can be used to build public institutions such as mosques, hospitals, schools and orphanages (Sadeq, A. M., 2002). Waqf usually can attract more resources and individual donors to participate. There is a speciality of waqf compared to zakat which is the flexibility of fund recipients. It is because waqf distributes the fund into a wide range of community welfares such as health programmes and institutions, educational institutions and house development programme compared to zakat which utilized the collected fund for specific categories.

There are many contributions of waqf in economic system such as reducing government expenditure and participation in the economy. It is because government can save its budget and expenses for the planning of public institutions as it is already being financed by waqf fund. Thus, government can use the supposed budget to other development activities, and it shows that waqf institution can bear the burden and responsibility of government and lessen its participation in economy (Nik Hassan, N. M., 2008). The institution of waqf can encourage bigger private sector participation through voluntary actions and reduce government involvement in the economy. It is considered that through voluntary contributions of the rich for the public purpose, waqf can have a positive implication on the redistribution of wealth. This kind of voluntary approach has a much better result than the redistribution through taxes and government transfer expenditure as the instrument of taxes has a greater costs implication for its implementation.

It is undeniable that there is a similarity between waqf and the goals of sustainable development goals and how waqf can contribute to some of the goals. It can be seen over 1,400 years ago when waqf has made a great impact in poverty alleviation and the enhancement of social and economic development including education, health care and infrastructure development. It is adapted outside the Muslim world by the establishment of Merton College through endowment at the University of Oxford. Waqf can also be used to build infrastructure for the wellness of the society such as to provide clean water, good sanitation and providing clean energy. Similarly, waqf can be used to assist the under privileged to have access to healthcare at minimum costs. As a conclusion, the combination of waqf and zakat with the financial sector can play a major role in realising SDGs such as reducing the vulnerability of the poor and developing the education and health sectors.<sup>7</sup>

Referring to Islamic finance segment, the profit-sharing principle, which promotes equity in income distribution and promotes social justice as well as long-term economic progress, is a key differentiating feature of an Islamic financial system that makes it uniquely equipped to contribute to the process of economic growth. Since the effectiveness of capital allocation is dependent on productivity, it also increases efficiency. Islamic financial institutions additionally promote investment because investors earn a cut of the banks' profits. Overall, the Islamic financial system is anticipated to be more stable than its conventional counterpart due to less emphasis on debt financing. As a result, capital and wealth loss caused by frequent financial crises and their detrimental effects on the growth process are avoided, resulting in more sustainable economic growth (Goaied, M., & Sassi, S. 2010).

Nagaoka (2011) did one of the theoretical studies and looked at how Islamic finance may help the modern economy and the Islamic world both flourished economically. Islamic finance is discovered to embed the monetary sector into the real sector (embedded financial system), which is described as a universal financial system with a great potential for sustainable development, by theoretically comparing the distinctive features of Islamic financial products

---

<sup>7</sup> Thought Leadership Series Part 4 -October 2021. (n.d.). <https://www.ukifc.com/wp-content/uploads/2021/09/IF-Report-part-4-Oct-2021.pdf>

to those of conventional finance. This suggests that Islamic financial institutions will be able to contribute to economic development more effectively than their conventional counterparts due to their intimate ties to the real economy.

Yusof, R. M., & Bahlous, M. (2013) analyze how Islamic finance has assisted Malaysia, Indonesia, and a few GCC nations—which were among the first to adopt Islamic banking practices—grow economical Panel cointegration, variance decompositions, and impulse response functions are used to analyse annual data from 2000 to 2009 to draw conclusions about how Islamic banking affects these nations' growth in both the short and long terms. However, compared to GCC nations, Malaysia and Indonesia have a larger short-term contribution than they do.

Related to *maqasid al-Syariah* and Islamic finance, Malaysian Islamic banking policies had evolved and showed a high level of durability. Despite their sophistication, the regulations do not yet fully reflect Shari'ah's macro *maqasid*, such as financial independence, financial stability, and value-based intermediation. The macro *maqasid* has received special attention in this study for two reasons: first, achieving macro *maqasid* at the level of regulators will make achieving micro *maqasid* at the level of Islamic financial institutions easier. The second reason is that Malaysian Islamic finance regulations require the use of macro *maqasid* as a benchmark or criterion for *maqasid* compliance (Soualhi, Y., & Bouhraouia, S. (2018).

## CONCLUSION

On the whole, Islam had been revealed for last fifteen centuries with the objective to prosper human's life not only from spiritual aspect but together with the physical needs as addressed in the pillars of economic development namely environmental, economic and socio-political. Al-Quran and *Sunnah* are the two sources that guided the scholars to illustrate the principles in creating sustainability. Two main projects that had been applied for centuries are *zakat* and *waqf* whereby had gained their golden period while in Ummayad, Abbasid and Ottoman empires. Notably, several *zakat* and *waqf* authorities today also had moved aggressively and proactive in promoting the products across the countries and region and liberate the schemes as a respond to economic development happening today. Several institutions that had inspired by *waqf* philosophy like University of Oxford had shows the story of success by providing fund for the infrastructure and other development. Last but not least, Islamic finance also had contributed significantly in developing and sustaining several majority Muslim countries economically and now keep on developing and expanding their roles and functions in flourishing economic sustainability.

## REFERENCES

- Abdul Ghafar Ismail, & Salman Ahmed Shaikh. (2017). Role of Islamic Economics and Finance in Sustainable Development Goals.
- Abul Hassan. (2016). Islamic Ethical Responsibilities for Business and Sustainable Development. *Humanomics*, 32(1).
- Ahmed Shaikh, S., & Ghafar Ismail, A. (2017). Role of Zakat in Sustainable Development Goals. *International Journal of Zakat*, 2(2), 1–9. <https://doi.org/10.37706/ijaz.v2i2.21>
- Alkire, S., & Santos, M. E. (2010). Acute multidimensional poverty: A new index for developing countries. [https://www.econstor.eu/bitstream/10419/48297/1/3\\_alkire.pdf](https://www.econstor.eu/bitstream/10419/48297/1/3_alkire.pdf)
- Arthur Lyon Dahl. (2021). The Role of Religion in an Ethical Society.
- Bentham Paulos, & PaulosAnalysis. (2017). *Bringin the Benefits of Solar Energy to Low-Income Consumers: A Guide for States & Municipalities*.

- California | Low-Income Solar Policy Guide. (2021, July 23). Retrieved June 20, 2022, from Low-Income Solar Policy Guide website: <https://www.lowincomesolar.org/best-practices/single-family-california/>
- Era Sonita, Miswardi, & Nasfi. (2021). The Role of Islamic Higher Education in Improving Sustainable Economic Development through Islamic Entrepreneurial University. *International Journal of Social and Management Studies*, 2(2).
- Fares Djafri, & Younes Soualhi. (2021). *Islamic Finance: Shariah and the SDGs*.
- Frey, D. F. (2017). Economic growth, full employment and decent work: the means and ends in SDG 8. *The International Journal of Human Rights*, 21(8), 1164-1184. <https://doi.org/10.1080/13642987.2017.1348709>
- Goaied, M., & Sassi, S. (2010). Financial development and economic growth in the MENA region: What about Islamic banking development. *Institut des Hautes Etudes Commerciales, Carthage*, 1-23.
- Hancock, N. (2016, December 11). Safe Drinking Water Foundation. Retrieved June 20, 2022, from Safe Drinking Water Foundation website: <https://www.safewater.org/fact-sheets-1/2017/1/23/pesticides>
- Harry A. Patrinos. (2016). Why Education Matters for Economic Development.
- Imamuddin, Ahmad Saeed. and Abdul Wahab Arain. (2016). Principles of Islamic Economics in The Light of the Holy Quran and Sunnah. *The International Journal Humanities and Social Studies*, 5(5).
- IslamHouse.com. (2013). The Economic System of Islam. Retrieved from [www.islamreligion.com](http://www.islamreligion.com)
- Joni Tamkin Borhan. (2008). Pemikiran Pembangunan Ekonomi Berteraskan Islam. *Jurnal Usuluddin*, 27, 93-107.
- Junaid Qadir, & Asad Zaman. (2018). Sustainable Development Viewed from the Lens of Islam. *International Journal of Pluralism and Economics Education*.
- Karthik Krishnan, Global CEO, & Britannica Group. (2020). Our Education System is Losing Relevance. Here's How to Unleash Its Potential. Retrieved from <https://www.weforum.org/agenda/2020/04/our-education-system-is-losing-relevance-heres-how-to-update-it/>
- Majlis Agama Islam Selangor. Maqasid Syariah. Retrieved from <https://www.mais.gov.my/maqasid-syariah/>
- Maryam Saeed. (2019). Maqasid al Shariah.
- Md. Mahmudul Alam, & M Ashraf Al Haq. (2018). The Maqasid Al Shariah and the Sustainability Paradigm: A Mutual Framework for Asnaf Development. [https://www.academia.edu/37535721/THE\\_MAQASID\\_AL\\_SHARIAH\\_AND\\_THE\\_SUSTAINABILITY\\_PARADIGM\\_A\\_MUTUAL\\_FRAMEWORK\\_FOR\\_ASNAF\\_DEVELOPMENT](https://www.academia.edu/37535721/THE_MAQASID_AL_SHARIAH_AND_THE_SUSTAINABILITY_PARADIGM_A_MUTUAL_FRAMEWORK_FOR_ASNAF_DEVELOPMENT)
- Mehri Ahmadi. (2016). Sustainable Development in Islamic Perspectives.
- Mochammad Arif Budiman. (2014). The Significance of Waqf for Economic Development.
- Mohammad Tahir Sabit Haji Mohammad. (2010). Principles of Sustainable Development in Ibn Khaldun's Economic Thought. *Malaysian Journal of Real Estate*, 5(1).
- Mohammed I. Ansari. *Islamic Perspectives on Sustainable Development*.
- Nagaoka, S. (2011). Islamic finance for sustainable development: its historical background and potentialities in the modern world. In *8th international conference on islamic economics and finance on "sustainable growth and inclusive economic development from an islamic perspective"*, doha, december.
- Noraina Mazuin Sapuan, & Nur Azni Mohd Zeni. (2021). The Determinants of Waqf Sustainability in Malaysia: A PLS-SEM Analysis. *International Journal of Business and Society*, 22(1), 102-118.

- Omar Javaid. (2011). *Thesis: Islamic Conception of Economic Justice and Its Implication for Framework of Islamic Financial Institutions*. Retrieved from [https://www.academia.edu/4112970/THESIS\\_Islamic\\_Conception\\_of\\_Economic\\_Justice\\_and\\_Its\\_Implication\\_for\\_Framework\\_of\\_Islamic\\_Financial\\_Institutions](https://www.academia.edu/4112970/THESIS_Islamic_Conception_of_Economic_Justice_and_Its_Implication_for_Framework_of_Islamic_Financial_Institutions)
- Haji Wahab, M. Z. & Naim, A. M. (2021). The Reviews on Sustainable and Responsible Investment (SRIs) Practices According to Maqasid Shariah and Maslahah Perspectives. *ETIKONOMI*, 20 (2), s. 397–412. doi:10.15408/etk.v20i2.18053
- Patmawati Ibrahim, Asmak Ab Rahman, & Siti Arni Basir. Sustainable Economic Development: Concept, Principles and Management from Islamic Perspective.
- Rahman, A. H. A., Syahrin Said, Hailan Salamun, & Hamdan Aziz. Sustainable from Islamic Perspective.
- Rika Yulita Amalia, Nurwahidin, & Nurul Huda. (2020). Role of Zakat in Achieving Sustainable Development Goals (SDGS) in Indonesia. *International Journal of Zakat and Islamic Philanthropy*, 2(2), 199-204.
- SASH | GRID Alternatives. (2021). Retrieved June 20, 2022, from Gridalternatives.org website: <https://gridalternatives.org/what-we-do/program-administration/sash>
- Sulistiyaningrum. (2020). *Analisis Dampak Pertambangan Batu Gunung terhadap Kondisi Sosial Ekonomi Masyarakat Desa Kaliwedi, Kecamatan Kebasen, Kabupaten Banyumas IAIN PURWOKERTO*.
- Soualhi, Y., & Bouhraouia, S. (2018). ISLAMIC FINANCE REGULATIONS IN MALAYSIA: A MACRO MAQASIDIC APPROACH. *Al-Shajarah: Journal of the International Institute of Islamic Thought and Civilization (ISTAC)*, 307-336.
- Support, I. N. (2019, September 8). The Sustainable Development Goals from a Shariah Perspective. International Institute of Islamic Business and Finance. <https://www.iiibf.com/the-sustainable-development-goals-from-a-shariah-perspective/>
- The Technology of Backyard Micro-Farming. (2014). Retrieved June 20, 2022, from Superscholar.org website: <https://superscholar.org/backyard-micro-farming/>
- THOUGHT LEADERSHIP SERIES PART 4 -OCTOBER 2021. (n.d.). <https://www.ukifc.com/wp-content/uploads/2021/09/IF-Report-part-4-Oct-2021.pdf>
- Usman, A. S., & Tasnim, R. (2016). The Relevance of Islamic Micro-finance in achieving the Sustainable Development Goals. *International Journal of Latest Trends in Finance & Economic Sciences*, 6(2).
- Valerio Brescia, Auwal Adam Sa'ad, Rusni Hassan, Syed Musa Syed Jaafar Alhabshi, & Federico Lanzalonga. (2021). Exploring Sustainability from Islamic Finance Perspective. *European Journal of Islamic Finance*.
- Yusuf Haji-Othman, Mohd Sholeh Sheh Yusuff, & Mohammadtahir Cheumar. (2020). The Role of Zakat Distribution in Hunger and Poverty Elimination in Kedah. *International Journal of Academic Research in Business and Social Sciences*, 10(10), 1178-1184.
- Yusof, R. M., & Bahlous, M. (2013). Islamic banking and economic growth in GCC & East Asia countries: A panel cointegration analysis. *Journal of Islamic Accounting and Business Research*.
- Zubair Hasan. (2006). Sustainable Development from an Islamic Perspective: Meaning, Implications, and Policy Concerns. *J.KAU: Islamic Econ*, 19(1), 3-18.