

## Conference Proceedings

The 4<sup>th</sup> International Conference on Finance, Business, and Banking (ICFBB)

Mataram, 25-27 November 2025

### The Role of Islamic Business Ethics in Strengthening the Green Economy: A Sharia Economics Perspective (A Literature Study)

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#### ABSTRACT

This study aims to conduct an in-depth analysis of the role of Islamic business ethics principles in strengthening the framework and practices of the green economy, viewed from a Sharia economics perspective. This research uses a qualitative approach with a literature study method. Data was collected from secondary sources such as scientific journals, books, international institution reports, and other trusted publications related to Islamic business ethics, Sharia economics, and the green economy. Data was analyzed thematically by identifying, grouping, and interpreting key themes emerging from the literature. The findings indicate that Islamic business ethics, grounded in *Maqashid al-Shari'ah* (the objectives of Islamic law), offers a comprehensive ethical framework to support the green economy. Principles such as *tauhid* (Oneness of God), *khalifah* (stewardship), justice (*'adl*), and the prohibitions of *israf* (wastefulness) and *ifsad* (corruption) align with the pillars of sustainability. Sharia economics, with instruments like zakat, waqf, and sukuk, can fund the transition towards a green economy. However, its implementation still faces challenges, such as a lack of awareness, weak policy integration, and the need for robust standardization. This study provides a holistic and integrated synthesis between Islamic business ethics concepts and the global green economy agenda, which has rarely been discussed comprehensively in previous literature. This research also specifically identifies operational mechanisms and implementation challenges.

**Keywords:** *Islamic Business Ethics, Green Economy, Sharia Economics, Maqashid al-Shari'ah, Sustainability*

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#### INTRODUCTION

The world currently faces unprecedented environmental challenges, ranging from climate change and biodiversity loss to massive pollution. In response, the concept of a green economy has emerged as a new development paradigm aimed at improving human well-being and social equity, while significantly reducing environmental risks and ecological scarcity (UNEP, 2011). This concept emphasizes investment in environmentally friendly sectors, resource efficiency, and social inclusion. In parallel, Sharia economics, which is not merely an interest-free economic system but also a comprehensive value system, is experiencing rapid global growth. Sharia economics is rooted in the Qur'an and As-Sunnah, with Islamic business ethics as its foundation. These ethics offer a set of moral principles that can guide economic behavior to achieve *maslahah* (common good) and prevent harm (*mafsadah*). It is in this context that exploring the intersection between Islamic business ethics and the green economy becomes highly relevant and urgent.

Several previous studies have provided an important foundation for exploring the relationship between Islamic values and the green economy concept, albeit with varying focuses and depths. Research by Muh. Dian Nur Alim entitled "*A Study of the Green Economic Concept in the Implementation of Islamic Business Ethics*" successfully identified the relationship between Islamic business ethics and the green economy in the Indonesian context. However, this study is more descriptive-normative and does not deeply explore the operational mechanisms of Sharia economic instruments as drivers of the green transition. A study by Harjoni entitled "*Strengthening the Green Economy for Developing Countries through the Implementation of Maqasid Syariah*" makes an important contribution by linking *maqashid syariah* and *fiqh al-bi'ah* (environmental jurisprudence) with the green economy framework (Harjoni

et al., 2024). Nevertheless, this study does not comprehensively discuss the specific role of Islamic business ethics as the value system underlying economic practices, nor does it integrate an analysis of Sharia economic instruments like zakat and waqf in the context of green financing. Mursid, in his research "*The Role of Sharia Economics in Realizing Sustainable Green Economic Development*," has mapped the alignment between maqashid sharia and green economy principles (Mursid et al., 2024). Although conceptually solid, this research is still limited in providing an in-depth analysis of implementation challenges and strategies for integrating Islamic ethical values into green economy policies and practices at the macro level. Meanwhile, Mirzal in the article "*How Does Islam Support the Green Economy? A Study on Turath Perspective*" offers a unique perspective by exploring the *khazanah turath* (classical heritage) (Mirzal et al., 2024). It successfully shows the historical roots of green economy values in Islamic thought. The gap that arises is that this study does not sufficiently address contemporary and applicative aspects, particularly regarding how modern Sharia financial instruments can be optimized to support the green economy agenda in the current era.

Based on the identified gaps in the aforementioned previous studies, this research presents several significant novelties:

1. Comprehensive Integration of Ethical Foundations and Operational Framework

In contrast to previous research that tended to focus on one aspect (ethical values, *maqashid*, or financial instruments), this study presents an integrated framework. It not only delves into the principles of Islamic business ethics (*tauhid*, *khalifah*, justice, prohibition of *israf*) as the philosophical foundation but also simultaneously dissects the operational mechanisms of Sharia economic instruments (such as zakat, *waqf*, and green sukuk) as tangible vehicles for realizing the green economy.

2. Contextual Analysis of Implementation Challenges and Opportunities

This research goes beyond normative discourse by critically analyzing real challenges in integrating Islamic business ethics into the green economy framework. The analysis covers issues such as low awareness, weak policy integration, the risk of greenwashing or syariah-washing, and provides solution-oriented perspectives based on Indonesia's local potential.

3. Synthesis of Universal Values and Local Application

With a focus on the Indonesian context but within a globally relevant framework, this study bridges the discourse between universal Islamic values and the national sustainable development agenda. This allows the research results to not only have academic value but also provide practical implications for policymakers and Sharia business actors in Indonesia.

With these three novelties, this research is expected to fill the existing academic gap and provide applicable contributions to strengthening the green economy through a holistic and contextual Sharia economics perspective.

Based on the background above, the objectives of this research are to:

1. Identify and analyze the main principles of Islamic business ethics relevant to the green economy.
2. Examine the alignment between Islamic business ethics principles and the green economy concept.
3. Explore the role and mechanisms of Sharia economic instruments in supporting the transition towards a green economy.
4. Identify challenges and opportunities in integrating Islamic business ethics into the green economy framework.

## METHOD

This research is qualitative, employing a literature study or library research approach. This type of research was chosen as it aligns with the goal of analyzing, synthesizing, and interpreting theoretical concepts from various textual sources. The research was conducted in a location-independent manner (desk-based research), with the researchers based in Mataram, Indonesia. Data was obtained from

secondary sources, consisting of the Qur'an and Hadith, which form the basis of Islamic business ethics, as well as accredited international and national scientific journals, reference books, conference proceedings, reports from trusted institutions (such as UNEP and OECD), and scholarly articles from university repositories.

The data collection technique used in this research was documentation, involving recording and gathering relevant data from written and electronic sources. Keyword searches such as "Islamic business ethics," "green economy," "Maqasid al-Shari'ah," "sustainability," and "sharia economics" were conducted on databases like Google Scholar and ScienceDirect. The collected data were then analyzed using thematic content analysis. The process involved: (1) Data organization (grouping literature based on broad themes); (2) Coding (identifying and marking key concepts); (3) Categorization (grouping these codes into broader themes that answer the research questions); and (4) Synthesis and interpretation (connecting themes, identifying patterns, and drawing meaningful conclusions about the role of Islamic business ethics in the green economy).

## RESULT AND DISCUSSION

Based on a thematic analysis of the literature, this study finds that there is a strong and profound alignment between the principles of Islamic business ethics and the green economy concept. Islamic principles are not merely complementary but can function as a strong value foundation for the green economy, especially in Muslim societies. The main findings can be grouped into three areas: (1) Convergence of Ethical Principles, (2) Role of Sharia Economic Instruments, and (3) Implementation Challenges.

### Convergence of Islamic Business Ethics Principles and the Green Economy

#### 1. Tauhid and Ecological Holism

The principle of *tauhid*, explained in the Qur'an Surah Al-Baqarah verse 164, asserts that the universe is an integrated creation of Allah, subject to His laws (Juhana, 2023). This concept underpins a holistic worldview that rejects the unlimited exploitation of nature. Humans are part of nature, not its absolute masters. This perspective aligns with the systems approach in the green economy, which views the economy as a subsystem of a larger ecosystem (Daly & Morgan, 2019). As stated by Iqbal and Mirakhor, an economy separated from ecological and spiritual reality is an illusion (Iqbal & Mirakhor, 2017).

#### 2. Khalifah as Responsible Stewardship

The concept of humans as *khalifah*, explained in the Qur'an Surah Al-Baqarah verse 30, places humans in the position of managers and guardians of the earth (Juhana, 2023). This is a trust (*amanah*) to prosper the earth (*imarah al-ard*), not to corrupt it. The duty of the *khalifah* includes utilizing resources proportionally to meet needs while ensuring preservation for future generations. This principle is the heart of the concept of stewardship in sustainability and intergenerational equity, which forms the foundation of the green economy (UNEP, 2011). In business practice, this translates into corporate responsibility towards the environment.

#### 3. Justice ('Adl) and Balance (Mizan)

Justice in Islam is universal, encompassing justice among people, between generations, and also towards nature. The Qur'an emphasizes the creation of everything in balance or *mizan* (QS. Ar-Rahman: 7-9). Injustice, including environmental injustice where a small segment of society enjoys benefits while the burden of environmental damage is borne by many (especially the poor), contradicts this principle. The green economy, with its emphasis on social inclusion and poverty alleviation, shares this same goal of justice (Dewi et al., n.d.; Hanif & Azzaki, 2025).

#### 4. Prohibition of *Israf* and *Ifsad*

The strong prohibition against *israf* (excess and wastefulness) and *ifsad* (causing corruption on earth) in the Qur'an Surah Al-A'raf verse 31 directly targets the root causes of environmental problems: unsustainable consumption and production patterns (Juhana, 2023). This principle encourages resource efficiency, waste reduction (zero-waste), and the circular economy, all of which are key

elements of the green economy. A hadith narrated by Ibn Majah states, "Do not be wasteful in performing ablution even if you are at a flowing river", demonstrating sensitivity to pollution even on a small scale (Zakaria et al., 2024).

#### 5. Maqashid al-Shari'ah as a Framework for Sustainable Development

The concept of *Maqashid al-Shari'ah* (the objectives of Islamic law), popularly formulated to protect religion, life, intellect, progeny, and wealth, has been expanded in contemporary discourse to include the protection of the environment (*hifdz al-bi'ah*) as an essential component. Without a healthy environment, the protection of these five essential elements is threatened (Dusuki & Bouheraoua, 2018). Thus, sustainable development and the green economy are not imports from the West but rather a manifestation of *Maqashid al-Shari'ah* in the modern era.

### The Role of Sharia Economic Instruments in Supporting the Green Economy

#### 1. Zakat and *Sadaqah*

Zakat, as a mandatory wealth redistribution instrument, can be allocated to empower poor communities that are vulnerable to climate change impacts and often depend on natural resources. Zakat funds can be used for programs like sustainable agriculture training, providing renewable energy to marginalized communities, or aid for environmental disaster victims. *Infaq* and *sadaqah* can also fund research and innovation in green technology (Diana et al., 2023).

#### 2. *Waqf*

*Waqf*, as a philanthropic instrument with perpetual assets, holds great potential for supporting the green economy in the long term. *Waqf* land can be dedicated to conservation forests (*waqf forests*), organic farming, or city parks. Cash *waqf* funds can be invested in developing solar power plants, clean water management systems, or financing green startups. Case studies from Indonesia show the potential of "Green *Waqf*," which is beginning to be promoted (Ningsih et al., 2022).

#### 3. *Green Sukuk*

Green sukuk (Sharia bonds) are the most directly contributing financial instruments. The issuance of Green Sukuk, as undertaken by Indonesia and several other countries, specifically allocates funds for environmentally friendly projects such as renewable energy, energy efficiency, and sustainable transportation. This mechanism aligns with Sharia principles while meeting global green financing needs (OECD, 2020).

#### 4. Sharia Microfinance and MSMEs

MSMEs (Micro, Small, and Medium Enterprises) are the backbone of many economies. Sustainability-oriented Sharia microfinance can provide financing and mentorship to MSMEs to implement green practices, such as using eco-friendly raw materials, managing waste, and improving energy efficiency. This would expand the impact of the green economy to the grassroots level (Raimi et al., 2024).

### Implementation Challenges

Despite its great potential, integrating Islamic business ethics into the green economy faces several challenges:

#### 1. Awareness and Understanding

Many Muslim businesspeople and community members still do not understand the environmental dimensions of their Islamic teachings. Islamic business ethics is often narrowly confined to aspects like honesty in transactions, without being linked to ecological responsibility (Subhan et al., 2025).

#### 2. Policy Integration

Economic and environmental policies in many Muslim-majority countries still operate separately from the development of the Sharia finance and economics sector. Proactive regulations are needed to encourage integration, such as fiscal incentives for Sharia green investment or mandates for sustainability reporting for Sharia financial institutions (Subhan et al., 2025).

### 3. Standardization and Metrics

There is a need to develop clear, globally recognized standards and indicators to measure the environmental and social impact of Sharia financial products. This is to prevent practices of greenwashing or Sharia-washing, where a product is claimed to be green or Sharia-compliant only on the surface (OJK, 2024; Purwanto, 2023).

### 4. Institutional Capacity

Institutions managing zakat and *waqf* often lack the technical capacity to manage complex environmental projects that require specialized expertise (Subhan et al., 2025; Sya'bani, 2024; Usman et al., 2023).

## CONCLUSION

Based on the analysis, it is concluded that Islamic business ethics, grounded in *tauhid*, *khalifah*, justice, the prohibition of *israf/ifsad*, and *maqashid al-shari'ah*, has a deep philosophical alignment with the principles of the green economy. Sharia economic instruments such as zakat, *waqf*, and sukuk have proven to possess significant operational potential as vehicles for financing and empowerment in the green transition.

These findings have important practical implications for various stakeholders. Governments in Muslim countries can formulate policies that integrate Sharia principles into national sustainable development strategies. Sharia Financial Authorities and Oversight Bodies need to develop specific green standards and guidelines for the Sharia finance industry. Sharia Financial Institutions and Businesses should internalize these environmental ethics into their business models, products, and operations, not just as compliance but as a core value. Academics and Religious Preachers can play a role in raising awareness through education and preaching.

Future research can focus on: (1) Empirical studies to measure the extent to which Sharia financial institutions have adopted green economy principles; (2) Policy research to formulate models for integrating zakat and *waqf* into national green economy programs; (3) Deeper exploration of a "Green *Maqasid* Index" as a performance measurement tool for the sustainability of companies and countries from an Islamic perspective; and (4) Comparative studies of the environmental performance of Islamic and conventional banks.

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