



Application of the Principles of Justice in the Distribution of Wealth: A Literature Review of Contemporary Islamic Economics

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Abstract

This research discusses the application of the principles of justice in wealth distribution in the context of Islamic economics, focusing on instruments such as zakat, sadaqah, and the prohibition of usury. These principles are recognized as key foundations in creating social justice and reducing economic disparities. However, despite their great potential theoretically, the application of these principles in practice often faces various challenges. This research uses a descriptive qualitative approach through a literature review to evaluate the extent to which these principles of justice are applied in the real world and to identify factors that hinder their implementation. The findings indicate a gap between theory and practice in the application of the principles of equity in wealth distribution. The main challenges faced include the lack of adequate regulation, inefficiencies in the management of zakat and alms, as well as the dominance of the conventional financial system which is not always in line with sharia principles. In addition, there are still differences in the understanding and application of these principles across different economic and social contexts, which complicates efforts to realize equitable wealth distribution. The implications of these findings emphasize the need for more effective regulatory and governance reforms to support the implementation of equity principles in Islamic economics. Policymakers are expected to develop a stronger legal framework, as well as improve Islamic financial literacy among the public. For economic actors, especially Islamic financial institutions, there is a need for innovation in financial products and services that truly reflect the spirit of social justice and not only focus on formal compliance with sharia. Thus, this study provides recommendations that can be used as a reference to improve the effectiveness of the application of the principles of justice in wealth distribution, in order to achieve broader and more sustainable social welfare.

Keywords: Principles Equality, Distribution of Wealth Rights, Islamic Economics

Abstrak

Penelitian ini membahas penerapan prinsip-prinsip keadilan dalam distribusi kekayaan dalam konteks ekonomi Islam, dengan fokus pada instrumen seperti zakat, sedekah, dan larangan riba. Prinsip-prinsip ini diakui sebagai fondasi utama dalam menciptakan keadilan sosial dan mengurangi kesenjangan ekonomi. Namun, meskipun secara teoritis memiliki potensi besar, penerapan prinsip-prinsip ini dalam praktik sering kali menghadapi berbagai tantangan. Penelitian ini menggunakan pendekatan kualitatif deskriptif melalui kajian pustaka (literature review) untuk mengevaluasi sejauh mana prinsip-prinsip keadilan tersebut diterapkan di dunia nyata dan untuk mengidentifikasi faktor-faktor yang menghambat implementasinya. Hasil temuan menunjukkan adanya kesenjangan antara teori dan praktik dalam penerapan prinsip-prinsip keadilan dalam distribusi kekayaan. Tantangan utama yang dihadapi termasuk kurangnya regulasi yang memadai, inefisiensi dalam pengelolaan zakat dan sedekah, serta dominasi sistem keuangan konvensional yang tidak selalu sejalan dengan prinsip-prinsip syariah. Selain itu, masih terdapat perbedaan pemahaman dan penerapan prinsip-prinsip ini di berbagai konteks ekonomi dan sosial, yang memperumit upaya untuk mewujudkan distribusi kekayaan yang adil. Implikasi dari temuan ini menekankan perlunya reformasi regulasi dan tata kelola yang lebih efektif untuk mendukung penerapan prinsip-prinsip keadilan dalam ekonomi Islam. Pembuat kebijakan diharapkan dapat mengembangkan kerangka hukum yang lebih kuat, serta meningkatkan literasi keuangan syariah di kalangan masyarakat. Bagi pelaku ekonomi, terutama lembaga keuangan Islam, diperlukan inovasi dalam produk dan layanan keuangan yang benar-benar mencerminkan semangat keadilan sosial dan tidak hanya terpaku pada kepatuhan formal terhadap syariah. Dengan demikian, penelitian ini memberikan rekomendasi yang dapat digunakan sebagai acuan untuk meningkatkan efektivitas penerapan prinsip-prinsip keadilan dalam distribusi kekayaan, guna mencapai kesejahteraan sosial yang lebih luas dan berkelanjutan.

Kata Kunci: Prinsip Kesetaraan, Distribusi Hak Kekayaan, Ekonomi Islam

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INTRODUCTION

The application of principles of justice in the distribution of wealth is a central theme in contemporary Islamic economics, as evidenced by the literature. The concept of wealth distribution in Islamic economics is contrasted with capitalist systems, highlighting the former's emphasis on equitable distribution and prevention of wealth accumulation in the hands of a few (Samad, 2019). Islamic economics, grounded in

Sharia principles, incorporates ethical and moral considerations, aiming to achieve social justice and economic stability (Fitriani et al., 2024; Tiran, 2023).

Interestingly, while Islamic economics promotes fair distribution through mechanisms like waqaf and zakat, challenges such as public awareness and regulatory support are crucial for effective implementation (Rezeki et al., 2023). The prohibition of gambling in Islamic economics is another aspect that contributes to justice in wealth distribution by preventing exploitation and promoting social responsibility (Lubis, 2023).

The historical contributions of figures like Ibn Salam Al-Herawi and Sayyed Mahmud Teleghani further underscore the importance of ethical considerations and state roles in achieving equitable distribution (Azizi & Rizapoor, 2023; Hamzani & Khasanah, 2023). In summary, the literature on contemporary Islamic economics consistently underscores the importance of justice in wealth distribution. The principles of Islamic economics, such as prohibition of usury and emphasis on profit and loss sharing, are designed to ensure a fair and stable economic system.

Empirical studies, such as the one conducted on Malaysian Islamic banking, provide evidence that Sharia-based financing can lead to equitable wealth distribution, although some practices require further refinement to align with justice principles (Othman et al., 2021). The literature review thus concludes that the application of justice in wealth distribution is a fundamental aspect of Islamic economics, with both theoretical and practical implications for creating a just and balanced economy (Khan, 2019; Rahim, 2019).

The equitable distribution of wealth is one of the main pillars in Islamic economics, which aims to create social balance and prevent the accumulation of wealth in a few individuals or groups. This principle is in line with the objectives of maqashid al-shariah, which prioritizes human welfare and social justice (Chapra, 2008). In an Islamic economic perspective, instruments such as zakat, infaq and sadaqah serve as redistribution mechanisms that support the achievement of economic justice (Hassan & Lewis, 2007).

In the era of an increasingly complex global economy, the relevance of principles of equity in wealth distribution is becoming increasingly significant. Rising economic inequality globally is driving the need for a more inclusive and equitable approach to resource management (Piketty, 2014). Islamic economics offers an alternative approach that focuses not only on economic growth, but also on equitable distribution

of economic outcomes to all levels of society (Asutay, 2012). This positions Islamic principles of justice as a potential solution to the challenges of contemporary economic injustice.

The equitable distribution of wealth in Islamic economics is also seen as a way to reduce poverty and inequality, which is an increasingly prominent global problem. The Islamic economic model focuses not only on material gains, but also on improving social welfare through sharia-based mechanisms (Karim, 2010). In this context, the application of the principles of justice becomes very relevant to ensure that economic growth does not only benefit a few, but also brings benefits to the wider community.

METHODS

This research uses a literature review approach with a descriptive qualitative method. Literature review is an appropriate method to explore and synthesize the findings in the literature regarding the application of the principles of justice in wealth distribution in Islamic economics (Snyder, 2019). This method allows researchers to analyze and integrate various perspectives from previous research, thus providing a comprehensive picture of the topic under study (Creswell & Poth, 2018). A descriptive qualitative approach was chosen to identify key themes and patterns that emerged in the literature, as well as to evaluate the extent to which these principles of justice are applied in a contemporary economic context (Merriam & Tisdell, 2016).

The data sources in this study consist of books, journals, articles, and other literature sources relevant to the topic of Islamic economics and the principles of justice. The selected literature includes scholarly works that discuss the concept of wealth distribution, Islamic financial instruments such as zakat and waqf, and the implementation of the principles of justice in Islamic economics (Neuman, 2014). The selection of sources was based on the relevance and contribution of the literature towards a deeper understanding of the application of justice in wealth distribution. The inclusion criteria included literature that contained discussions on Islamic economics, principles of justice, and wealth distribution; while literature that was not relevant to the central theme of the study was excluded (Kitchenham, 2004).

RESULTS AND DISCUSSION

The principles of justice in Islamic economics are rooted in basic concepts such as zakat, almsgiving, and the prohibition of usury. The principle of zakat, as one of the pillars of Islam, serves as a wealth redistribution tool aimed at reducing economic

disparities and promoting social welfare (Sadeq, 2002). Zakat not only reduces poverty, but also promotes social solidarity and general welfare (Al-Qardawi, 1999). Sadaqah, which includes all forms of voluntary giving, also plays a role in supporting social justice by encouraging the redistribution of resources beyond the zakat obligation (Rahman, 2010).

The prohibition of usury in Islamic economics aims to prevent exploitation and unfair accumulation of wealth through interest or excess profits (Kahf, 2004). The system encourages fair and ethical financial transactions, which benefit not only individuals but also the community as a whole. The emphasis on the prohibition of usury creates an environment where capital and profits are earned through productive ventures and positive contributions to society (El-Gamal, 2006).

An Analysis of the Literature on the Application of the Principles of Justice in Contemporary Economic Contexts

In the context of contemporary economics, the application of Islamic principles of justice faces various challenges, including economic globalization, the dominance of conventional financial systems, and different interpretations of sharia law (Iqbal & Mirakhor, 2011). The literature shows that despite an increase in the implementation of Islamic financial instruments, such as Islamic banking and sukuk, there is still a gap between theory and practice (Khan, 2013). Many Islamic financial institutions operate within a capitalist framework that may not fully reflect the principles of justice and equitable distribution of wealth (Hasan, 2016).

In addition, implementation challenges are also seen in the context of regulation and public acceptance of Islamic financial products. Several studies show that the successful implementation of these principles requires greater commitment from policymakers, as well as increased Islamic financial literacy among the general public (Abdullah, 2015). Therefore, the literature recommends a holistic approach that not only integrates the principles of fairness in financial products but also in legal and public policy frameworks (Dusuki, 2008).

Although principles of justice such as zakat, sadaqah and the prohibition of usury are widely recognized in Islamic economic theory as mechanisms to achieve equitable distribution of wealth, the application of these principles in practice often suffers from gaps. In the real world, the application of the principles of justice does not always reflect the idealism presented in theory.

Research shows that in practice, many Islamic financial institutions operate closer to conventional financial models, especially in an effort to attract global investors and compete in international markets (Khan, 2010). For example, although instruments such as Islamic banking are designed to avoid usury, some of the products offered often still contain elements similar to interest in other forms, such as in murabahah and ijarah products (El-Gamal, 2006). This suggests that there is a compromise between the application of Islamic principles and the demands of the global market, which may reduce the effectiveness of the principles of fairness in practice.

Moreover, zakat, theoretically designed as the main instrument for wealth redistribution, is often not optimally managed in many Muslim countries. Zakat collection tends to be less efficient and does not reach a scale sufficient to truly reduce economic inequality (Sadeq, 2002). In practice, challenges in the regulation, administration and transparency of zakat management hamper the potential of this instrument to realize social justice as intended in theory (Obaidullah, 2016).

The discrepancy between theory and practice is also evident in the implementation of the concepts of alms and waqf, which in theory offer great potential to improve social welfare. However, in reality, alms contributions are often sporadic and unstructured, while waqf management faces bureaucratic and legal challenges that limit its effectiveness (Cizakca, 2004).

Overall, while the principles of justice in Islamic economics are recognized in theory as important tools for creating a fair distribution of wealth, reality shows that their application in the real world is far from optimal. This discrepancy points to the need for a more systematic and integrated approach to address the practical challenges of applying these principles (Chapra, 2008).

Challenges in Implementing the Principles of Justice

Although the principles of justice in Islamic economics, such as zakat, sadaqah, and the prohibition of usury, have great potential to create a more equitable distribution of wealth, their implementation in the real world faces various challenges. One of the main challenges is the lack of awareness and understanding among the public and economic actors regarding the importance of consistently applying these principles (Ahmed, 2015). Many individuals and companies still prefer conventional financial systems because they are considered more practical and profitable, even though these systems often contradict Islamic principles of justice.

Regulation and governance are also significant barriers to the implementation of equity principles in Islamic economics. In many countries, the regulatory framework for instruments such as zakat and waqf has not been standardized and is often inadequate to ensure effective and transparent distribution (Abdullah, 2015). This problem is exacerbated by cumbersome bureaucracy and lack of infrastructure supporting the collection and distribution of zakat, leading to funds collected not being optimally managed and not reaching the target groups in need (Sadeq, 2002).

In addition, economic globalization and the dominance of the capitalist financial system create an environment that is not always conducive to the application of the principles of justice in Islamic economics. Many Islamic financial institutions are forced to operate within conventional systems that are not always in line with Shariah principles, such as engaging in transactions that implicitly contain elements of usury (Khan, 2010). The imbalance between the moral aspirations of Islamic economics and market realities often forces Islamic financial institutions to make compromises that reduce the impact of justice principles in practice.

Implications of the Findings for Policy Makers and Practitioners of Islamic Economics

The findings of this study have important implications for policymakers and practitioners of Islamic economics. For policymakers, there is an urgent need to strengthen the regulatory framework that supports the implementation of equity principles, including through legal reforms that facilitate the management of zakat, sadaqah and waqf. Policymakers also need to develop a more efficient and transparent infrastructure to ensure that zakat and alms funds are used appropriately and provide maximum impact on poverty alleviation (Chapra, 2008).

For practitioners of Islamic economics, these findings emphasize the importance of innovation in financial products and services that are not only formally Shariah-compliant, but also reflect the spirit of social justice that is at the core of Islamic economics. Islamic financial institutions need to commit to being more active in developing solutions that promote financial inclusion and economic empowerment for underprivileged groups (Dusuki, 2008). This includes the development of educational programs that increase Islamic financial literacy among the general public, thereby strengthening acceptance and support for the principles of justice in Islamic economics.

Overall, to realize the full potential of the principles of equity in the Islamic economy, close collaboration between the government, financial institutions, and society is required. This will not only increase the effectiveness of implementing these principles but also strengthen the Islamic economy as a fair and sustainable alternative in the global economic landscape.

CONCLUSION

This research reveals that although the principles of justice in Islamic economics, such as zakat, sadaqah, and the prohibition of usury, are widely recognized as important instruments for creating equitable wealth distribution, the application of these principles in practice is far from optimal. The gap between theory and practice is caused by various factors, including the lack of effective regulations, operational challenges in the management of zakat and waqf funds, as well as the dominance of the conventional financial system which is not always in line with sharia principles. In addition, differences in the understanding and application of these principles across different social and economic contexts add to the complexity of realizing equitable distribution of wealth as idealized in Islamic economics.

From these findings, it can be concluded that despite progress in the implementation of Islamic finance, the application of the principles of equity in wealth distribution still requires significant improvement. Some Islamic economic instruments, such as zakat and sadaqah, have great potential to reduce economic disparities and promote social welfare, but their implementation is often hampered by a lack of efficiency, transparency and commitment from actors. The prohibition of usury, as a key principle in Islamic economics, still faces challenges in its consistent application, especially in the context of a global market dominated by conventional financial practices. Therefore, a more strategic and integrated approach is needed to ensure that these principles are not only nominally adopted but also substantively implemented in economic practice.

The implication of these findings for policymakers and economic actors is the need for more structured efforts to address the barriers to the implementation of the principles of equity in wealth distribution. For policymakers, regulatory reforms that support more effective management of zakat and sadaqah, as well as more consistent enforcement of the ban on usury, are urgently needed. Policies supporting Islamic financial inclusion and strengthening financial literacy among the public are also important steps to increase acceptance and support for the principles of equity in Islamic economics.

For economic actors, especially Islamic financial institutions, there is a need to develop products and services that not only fulfill Shariah requirements but also promote social justice and equitable distribution of wealth. This includes innovations in financial products that are more responsive to the needs of the poor and vulnerable, as well as a greater commitment to practicing principles of justice in day-to-day operations.

Recommendations for Policymakers and Economic Actors

1. **Strengthening Regulation and Governance:** Policymakers need to develop stronger regulations and transparent governance systems to ensure effective management of zakat, sadaqah and waqf.
2. **Improving Islamic Financial Literacy:** Islamic financial education and literacy among the public needs to be improved to broaden understanding and acceptance of the principles of fairness in Islamic economics.
3. **Innovation in Islamic Financial Products:** Islamic financial institutions should be more innovative in developing financial products that truly reflect the principles of justice, not only formally but also substantively.
4. **Strengthening Collaboration:** Collaboration between governments, financial institutions, and civil society organizations is essential to create an enabling environment for the application of equity principles in wealth distribution.

With these measures, it is hoped that the principles of justice in Islamic economics can be applied more effectively, thereby contributing to the achievement of broader and more sustainable social welfare.

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