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Production Analysis in The Perspective of Islamic Economic Philosophy

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Abstract

Production is the lifeblood of economic activity. In human life, in carrying out its economy, there will never be consumption, distribution, or trading activities without being initiated by the production process. However, as a Muslim, one must behave economically, especially in production behavior that is to Islamic values and principles. The purpose of this writing is to determine production and factors of production from the perspective of Islamic economic philosophy. The method used is library research (literary study). Library research is a type of research in this case in the form of collecting in-depth information data. Results in this studyProduction in Islam is not only for profit (profit-oriented) but in worship (worship oriented). So that whatever goods are produced, a producer will emphasize Islamic principles in production and the principle is more concerned with the benefit of the people. The axioms in production activities extracted from the Al-Qur'an and Sunnah are Unity (oneness of God/Tawhid), Equilibrium, balance (justice), Free will or free will (ikhtiar), Responsibility (responsibility), and Truth (policy and honesty). Besides that, there are four factors of production in Islam namely, natural resources, human resources, capital, and management.

Keywords: Production, Islamic Economic, Philosophy

Abstrak

Produksi merupakan urat nadi dalam aktivitas ekonomi. Di dalam kehidupan manusia dalam menjalankan ekonominya tidak akan pernah ada kegiatan konsumsi, distribusi, ataupun perdagangan tanpa diawali oleh proses produksi. Namun sebagai

seorang muslim harus berprilaku ekonomi, terutama pada prilaku produksi yang sesuai dengan nilai dan prinsip Islam. Tujuan penulisan ini untuk mengetahui produksi dan factor-faktor produksi dalam presfektif filsafat ekonomi islam. Metode yang digunakan yaitu library research (studi kepustakaan). Penelitian kepustakaan merupakan jenis penelitian dalam hal ini berupa pengumpulan sebuah data informasi secara mendalam. Hasil dalam penelitian ini Produksi dalam Islam tidak hanya mencari keuntungan semata (profit oriented) melainkan pada ibadaah (ibadah oriented). Sehingga apapun barang yang diproduksi maka seorang produsen akan menekankan prinsip Islam dalam produksi dan pada prinsipnya lebih mementingkan kemaslahatan umat. Aksioma-aksioma dalam kegiatan produksi yang digali dari Al-Qur'an dan Sunnah, adalah Unity (keesaan Tuhan/Tauhid), Equilibrium, keseimbangan (keadilan), Free will atau bebas berkehendak (ikhtiar), Responsibility (pertanggungjawaban), dan Kebenaran (Kebijakan dan kejujuran). Selain itu terdapat empat fakor produksi dalam Islam yaitu, sumber daya alam, sumber daya manusia, modal dan manajemen.

Kata Kunci: Produksi, Ekonomi Islam, Filsafat

Introduction

Islamic economics is an economy based on divinity. This system starts from Allah SWT and aims ultimately for Allah SWT by using methods that are inseparable from the Shari'a or the law of Allah SWT. The main goal of Islam is falah or human happiness in this world and the hereafter. That is why the Koran is the holy book of Muslims. Economic activities such as production, consumption, and distribution as well as exports and imports are inseparable from the divine starting point and the ultimate goal is for Allah SWT.¹One of the most important things that will be discussed more in this paper is production.

Production is fundamentally very principled to meet needs and maintain the continuity of human life on earth. Production was born from the process of unification between humans and the universe. Allah SWT has appointed humans as caliphs (people who are trusted and given responsibility) on earth. Earth is a field and land for activities, while humans are the managers.²

Production is the lifeblood of economic activity. In human life, in

¹Azharsyah Ibrahim et al., *Pengantar Ekonomi Islam* (Jakarta: Departemen Ekonomi dan Keuangan Syariah - Bank Indonesia, 2021). p. 60.

²Miftahus Surur, "Teori Produksi Imam Al-Ghazali & Ibnu Khaldun Perspektif Maqashid Al-Syari'ah," *Istidlal: Jurnal Ekonomi Dan Hukum Islam* 5, no. 1 (2021): p. 12–23, https://doi.org/10.35316/istidlal.v5i1.307.

carrying out its economy, there will never be consumption, distribution, or trading activities without being initiated by the production process. In general, production is the process of producing goods and services or the process of increasing the utility (value) of an object.

Production in its simplest sense is not something capitalism instigates. Production has occurred since humans have been involved with the earth because production is a primary thing in life. Prophet Adam, the father of man was the first person in production. The exit of Prophet Adam from heaven and then descending to earth is a scenario that has been planned by Allah SWT so that Prophet Adam can prosper on the earth and live life on it. And basically, He created man with a character that is bound by the need for food, drink, clothing, shelter, and offspring. So that to meet the needs of life, humans try to fulfill them by utilizing various available natural resources that have been created by Allah SWT.³

Islam does not allow every Muslim to achieve his goals and desires at will by justifying any means such as committing fraud, fraud, perjury, usury, bribery, corruption, and other falsehoods. Islam provides boundaries or dividing lines between what is permissible and what is not permissible, right and wrong, and halal and haram.

If in the conventional literature, production theory is aimed at providing an understanding of the behavior of producers in maximizing their profits and optimizing their production efficiency, then in Islamic economics, this is not only the case, but there is an emphasis on paying attention to the possibility of social-spiritual impacts becoming a characteristic that is extreme enough to distinguish both of them. In addition to this, Islamic economics also emphasizes the maintenance of shari'ah values in determining the capital structure and output structure so that the production activities carried out do not shift from the actual social function.⁴

The Islamic concept of production has a very broad basis. God has created man and knows the essence of man who loves wealth with the desire to accumulate, possess and enjoy it. 5Al-Qur'an Surah Ali-Imran verse 14:

³Moh. Idil Ghufron, "PENINGKATAN PRODUKSI DALAM SISTEM EKONOMI ISLAM SEBAGAI UPAYA," *DINAR* 1, no. 2 (2015): p. 39–76, https://doi.org/https://doi.org/10.21107/dinar.v2i1.2690.

⁴Adiwarman Azwar Karim, *Ekonomi Mikro Islam* (Jakarta: IITI, 2004), p. 101.

⁵Muhammad Sharif Chaudhry, *Sistem Ekonomi Islam, Prinsip Dasar* (Jakarta:

Meaning: Make it beautiful in (the view of) humans to love what they desire, namely: women, children, lots of treasures of gold, silver, selected horses, livestock4, and rice fields. That is the pleasure of living in this world, and with Allah is a good place to return (heaven).

The human desire to have wealth other than offspring is very natural indeed. Man loves gold, silver, and other sources of wealth to satisfy his endless desires. From the previous statement, it will be a study that is quite interesting to examine more deeply. As for the study of the science of production, this is quite broad, the authors limit it only to production in Islam, the similarities and differences in production, and the factors of production in the thinking of Islamic economic philosophy. Thus, the end of writing this article is to find out production and factors of production from the perspective of Islamic economic philosophy.

Research Methods

The research method used by the author is library research (literary study). Library research is a type of research in this case in the form of collecting in-depth information data. This information was obtained from various literature, be it books, journals, and other references. This study uses a descriptive qualitative method, meaning that this paper can describe and explain certain phenomena. The qualitative method is a method of a procedure in research that can produce data by describing and explaining it in the form of written paragraphs or also by speaking to someone who has previously observed it.

Kencana Prenada Media Group, 2012), p. 47.

⁶Muhammad Irkham Firdaus et al., "Implementation of Fiqh Muamalah Contracts in Electronic Money (E-Money) Transactions," *Al-Muamalat: Jurnal Ekonomi Syariah* 10, no. 1 (2023): p. 13–23, https://doi.org/10.15575/am.v10i1.21087.

⁷May Shinta Retnowati et al., "PERHITUNGAN ZAKAT PENGHASILAN DI BAZNAS PONOROGO DALAM PERSPEKTIF KONSEP ZAKAT YUSUF QARDHAWI May Shinta Retnowati Jaya Sahputra Muhammad Irkham Firdaus Zulfatus Sa' Diah Devid Frastiawan Amir Sup Abstrak A . PEND," *AT-TASYRI ' Jurnal Ilmiah Prodi Muamalah* 14, no. 2 (2022): p. 145–52, https://doi.org/https://doi.org/10.47498/tasyri.v14i2.1224.

Results and Discussion

A. Production in Islam

Humans have an unlimited desire to get satisfaction, so they want to find more wealth to fulfill their desires and satisfaction. If someone wants to improve their competitive standard of living, they must seriously improve and develop production techniques and methods. Production in conventional terms is converting basic resources into finished goods, or the process by which inputs are processed into outputs. Production is the activity of creating wealth by exploiting natural resources by humans.⁸ Production is a process of activities carried out to add value to the benefits and use of an item, or to make a new item so that it has more benefits in meeting needs, for example making clothes from cloth.⁹

In everyday life, when you hear the word production, what comes to mind is a large activity that requires sophisticated equipment and uses thousands of workers to do it. This assumption is not true. Production means, the activity of adding value to an item or service for the needs of many people. From the above understanding, it can be concluded that not all activities that add value to an item can be said to be a production process. For example, a mother who makes cakes for her family at home, this activity cannot be said to be a production process because the goal is not for the general public.¹⁰

The term "production" is often used in terms of making something. Specifically, production is an activity to create or add to a good or service. In broader and fundamental terms, production can be defined as follows: "The conversion of materials from sources into results desired by consumers. The results can be in the form of goods or services. So, production is every effort to increase or generate benefits.¹¹

⁸Lukman Hakim, *Prinsip-Prinsip Ekonomi Islam* (Jakarta: Erlangga, 2012), p. 64.

⁹Muhammad Irkham Firdaus and Muhammad Reyhan, "Prinsip Dan Etika Produksi Perspektif Maqashid As-Syariah," *At-Tasyri': Jurnal Hukum Dan Ekonomi Syariah* 3, no. 1 (2022): p. 1–11, https://doi.org/10.55380/tasyri.v3i1.187.

¹⁰Nur Rianto Al-Arif, *Dasar-Dasar Ekonomi Islam* (Solo: Era AdiCitra Intermedia, 2011), p. 160.

¹¹Niken Lestari and Sulis Setianingsih, "Analisis Produksi Dalam Perspektif Ekonomi Islam (Studi Terhadap Produsen Genteng Di Muktisari, Kebumen, Jawa Tengah)," *LABATILA: Jurnal Ilmu Ekonomi Islam LABATILA: Jurnal Il* 3, no. 1 (2019): p. 96–120, https://doi.org/https://doi.org/10.33507/lab.v3i01.235.

From the definitions above, it is clear that production from the perspective of Islamic economics ultimately narrows down to humans and their existence, although these definitions try to elaborate from a different perspective. Therefore, human interests, which are in line with Islamic morality, must be the focus or target of production activities, namely creating benefits and not creating materials. The point is that humans manage the material to meet various needs so that the material has benefits.¹²

Humans are a unity of two main elements that cannot be separated, namely the physical and spiritual. Humans to defend. life requires food, drink, clothing, and protection. So humans are required to produce and work so that the need for two basic elements is met. Every human interest that is by the rules and principles of Shari'a must be the target of a production activity, where production is the process of finding, allocating, and processing resources into output to improve and provide problems for humans.

Creating activities that result in the benefit of goods or services is a form of production while producing is part of work which is part of worship and jihad if the worker is consistent with Allah's rules, has pure intentions, and does not forget Him. Because humans are created with a character that is bound by the need for food, clothing, shelter, and offspring.¹³

By working, each individual can fulfill his/her own needs, and the needs of his family, do good to his relatives, and even provide assistance to the surrounding community. Meanwhile, there is no way to get wealth in Sharia except by working or producing.¹⁴

Production is carried out to create or procure goods or services. The transformation carried out in production activities is to create added value. So according to Muslish, production activities include:¹⁵

1. What products are made

There are considerations underlying the choice of type and type of a product to be produced, there are needs that must be met by society (primary, secondary, and tertiary) and there are positive benefits for companies and society (must meet ethical and economic categories).

¹²Abdul Aziz, *Ekonomi Islam Analisis Mikro Dan Makro* (Yogyakarta: Graha Ilmu, 2008), p. 103.

¹³Zaki Fuad Chalil, *Pemerataan Distribusi Kekayaan Dalam Ekonomi Islam* (Jakarta: Erlangga, 2009), p. 86.

¹⁴Mohamad Aslam Hanief, *Pemikiran Ekonomi Islam Kontemporer, Terj. Suherman Rosidin* (Jakarta: Rajawali Pers, 2010), p. 29.

¹⁵Muhammad, Etika Bisnis Islam (Yogyakarta: YKPN, 2004), p. 103.

2. What is the quantity of the product made?

Depends on the motive and risk. The amount of production is influenced by two factors which include external and internal. Internal factors include facilities and infrastructure that must be owned by the company, capital factors, human resources, and other resource factors. The external factors include the number of community needs, economic needs, market share entered

- 3. Why is this product made?
- 4. Where is the product made?
- 5. When was the product made? Placement of production time, whether to address external needs or wait for the company's level of readiness
- 6. Who made
- 7. How to produce it

Muslich further said that the production function is related to efforts to provide solutions to the seven problems above. The solution to production is oriented towards achieving harmony or balance for all or some parties with an interest in production problems.

From the description above, it can be concluded that Islamic production is defined differently from conventional production. Conventional production emphasizes optimizing efficiency and optimizing profits. In contrast to Islamic production, it is clear that Islamic production is not only for profit (profit-oriented) but (worship oriented) so whatever goods are produced, an Islamic producer will emphasize Islamic principles in production and prioritize welfare. ¹⁶So the goal of producers is not to seek maximum profit as in capitalism, but is broader than that, namely to provide goods and services to achieve this profit.

B. Production Analysis in the Perspective of Islamic Economic Philosophy

1. Principles of Production in Islamic Economics

Production in Islam, namely that producers can get the desired profit, there is also a rule that the goods produced are useful and by human

¹⁶FORDEBI ADESy, "Ekonomi Dan Bisnis Islam," *PT. Raja Grafindo Persada* (Jakarta: PT RajaGrafindo Persada, 2016), p. 251.

needs by the times. Islam also teaches that all business activities must be carried out with labor. Mabrur means that business activities must be carried out in the right field, that is, goods and services must not be prohibited and the process must be carried out according to religious norms.¹⁷

Production can become illegitimate if the goods produced turn out to only have an impact that is harmful to society, considering that there are parties who are harmed by the presence of products, both in the form of goods and services. Therefore manufacturers must be careful in carrying out production. all activities related to production and distribution must be within the halal framework.

The principles of production in Islamic economics related to Sharia objectives or welfare include:¹⁸

- a. Production activities must be based on Islamic values and by maqashid al-shari'ah. Do not produce goods/services that conflict with the protection of religion, soul, mind, lineage, and property.
- b. Production priority must be by priority needs, namely dharuriyyat, hajyiyat, and tahsiniyat.
 - a) Dharuriyyat needs (primary needs) are needs that must exist and be fulfilled because they can threaten the safety of mankind. Fulfillment of dhururiyat needs is divided into five that are needed as protection for the safety of religion, the safety of life, the safety of the mind, the safety or continuity of offspring, maintenance, and protection of one's dignity and honor, as well as safety and protection of property.
 - b) Hajiyyat needs (secondary needs) are needs that are needed by humans, but the fulfillment of these needs does not threaten the existence of human life to be damaged, but only creates difficulties and difficulties.
 - c) The need for tahsiniyyat (tertiary needs) is a human need that supports the ease and comfort of human life.
- c. Production activities must pay attention to the aspects of justice, social, zakat, alms, infaq, and waqf.

¹⁷Muhammad Husni Mubarok, *Pengantar Bisnis* (Kudus: Nora Media Interprise, 2010), p. 128.

¹⁸Muhammad Turmudi, "PRODUKSI DALAM PERSPEKTIF EKONOMI ISLAM Muhammad Turmudi," *Islamadina : Jurnal Pemikiran Islam* 18, no. 1 (2017): p. 37–56, https://doi.org/10.30595/islamadina.v0i0.1528.

- d. Manage natural resources optimally, not wasteful, not excessive, and not damaging the environment.
- e. Fair distribution of profits between owners and managers, management and workers.

In more detail, Islamic economists mention the axioms in production activities excavated from the Qur'an and Sunnah, namely:¹⁹

- a. *Unity*(oneness of God/Tawhid), vertical integrity, and social system interaction that leads to the oneness of God. Everything is returned to God and human responsibility is only as a servant and bearer of God's mandate, namely to prosper the earth. Therefore, production must be understood as a whole starting from the initial process of procuring raw materials (input) to the finished product (output).
- b. *equilibrium*, balance (fairness). If an entrepreneur has the right to benefit from his production activities, so do all parties involved and affected by it also have an interest (right) not to be harmed and deprived of their rights and interests to gain.
- c. Free will or free will (effort). The scholars require that transactions must be made consensual (at-taradi). This is meant so that everyone must carry out their economic behavior independently without any coercion, either physically or psychologically, or politically so that no party is harmed.
- d. *Responsibility*(responsibility) to the social, political, economic, cultural, physical, government, stakeholders, human and other environments, as explained in point 3 above.
- e. Truth: Policy and honesty. Substantively, the principle of truth is related to rights and obligations, as the holistic economic goal in religious teachings is also in the context of bringing benefit to everyone. Because the world and everything in it is created and belongs to Allah which is then handed over to humans, then everything must also rely on His will or His commandments as outlined in the purpose of creating humans and jinns, namely "spreading compassion to all nature".

¹⁹Khodijah Ishak, "KONSEP ETIKA PRODUKSI DALAM SISTEM EKONOMI ISLAM MENURUT AFZALUR RAHMAN DAN YUSUF QORDHOWI," *IQTISHADUNA: Jurnal Ilmiah Ekonomi Kita* 4, no. 1 (2015): P. 40–69, https://ejournal.stiesyariahbengkalis.ac.id/index. php/iqtishaduna/article/view/62

2. The Purpose of Production in Islam

In the view of Islam, production is defined as an effort to process natural resources to produce the best form capable of fulfilling human benefit. ²⁰The view prohibits manufacturers from producing something that damages the faith, strips the identity of the people, fades religious and moral values, preoccupies with futile things and keeps them away from seriousness, draws closer to evil, keeps away from the truth, brings the world closer and keeps the hereafter away, and only motivated by material gain. ²¹

Islamic teachings link production goals with benefits. If the production of basic needs or dharuriyah becomes a priority, then people's welfare will increase because all kinds of their basic needs have been fulfilled. The production goals according to Monzer Kahf include:

- a. Human efforts to improve not only its material condition. But also his morals later become a means of achieving his goals later in the afterlife. So that products that distance people from their moral values will be prohibited in Islam.
- b. The social aspect of production, namely the distribution of profits from production itself among the most people in the fairest way. This is the main goal of the community economy. The Islamic economic system is more related to social welfare compared to other systems.
- c. Economic problems are not problems that are rarely related to the necessities of life, but these problems arise because of human laziness and negligence in their efforts to take maximum benefit from God's grace.²²

3. Fairness and Equality in Production

Justice is usually interpreted by giving rights to those who are entitled (yu'thi alhaqq haqqahu) or putting something in its place (wadh'u assyai 'ala maudhi'ihi). According to Syed Muhammad Naquib Al-Attas, in language, justice is generally about; (i) knowledge and ability to place what is right and proper for an object or human being, (ii) truth against

 $^{^{20}}$ Kuni Mubarokah, "Konsep Produksi Menurut Muhammad Baqir Ash-Shadr Dalam Buku Iqtishoduna" (Universitas Islam Negeri Sultan Syarif Kasim Riau, 2010), p. 25

 $^{^{21}} Yusuf$ Al-Qaradhawi, $Peran\ Nilai\ Moral\ Dalam\ Perekonomian\ Islam$ (Jakarta: Robbani Press, 2001).

²²Eka Sriwahyuni, "Pemikiran Ekonomi Islam Monzer Kahf," *Al-Intaj* 3, no. 9 (2017): p. 172–86, https://doi.org/http://dx.doi.org/10.29300/aij.v3i2.1195.

error, (iii) means or limits, (iv) spiritual gain against loss, and (v) truth against falsehood.²³

The Islamic economic system has provided justice and equality of production principles according to each individual's capabilities without oppressing others or destroying society. The Holy Quran allows mutually beneficial cooperation in an honest, equal manner, provides benefits for both parties and does not justify methods that only benefit one person, especially those that can cause harm to other people or the benefits obtained turn out to be detrimental to the public interest.

4. Factors of Production in Islamic Economic Philosophy

In practice, production does not stand alone but requires supporting factors in the form of production factors.²⁴All elements that support value creation efforts or efforts to increase the value of goods are referred to as factors of production.²⁵The same thing was conveyed by Soekartawi that the factors of production are all the sacrifices given to plants so that these plants can grow and produce well.²⁶

It is called a factor of production because it is absolutely so that production can be carried out to produce a product. Therefore, as a producer producing a product, you must know the types or types of factors of production.²⁷

According to AHM Sadeq, the discussion on production factors in Islamic economics has not yet reached a point of agreement among Muslim writers. Some of them mentioned the four factors of production, including natural resources, human resources, capital, and management. ²⁸Meanwhile, others like Ibn Khaldun argue that there are

²³M. Roem Syibly, "Keadilan Sosial Dalam Keuangan Syariah," *Millah* 15, no. 1 (2015): p. 73–100, https://doi.org/10.20885/millah.vol15.iss1.art4

 $^{^{24}}$ Sri Wahyuni, "TEORI KONSUMSI DAN PRODUKSI DALAM PERSPEKTIF EKONOMI ISLAM," Jurnal Akuntabel 10, no. 1 (2013): p. 74–79, https://doi.org/https://doi.org/10.30872/jakt.v10i1.55.

²⁵Nofriadi, "Analisis Faktor-Faktor Yang Mempengaruhi Produksi Karet Di Kecamatan Mestong Kabupaten Muaro Jambi (Studi Kasus Desa Muaro Sebapo)," *E-Jurnal Ekonomi Sumberdaya Dan Lingkungan* 5, no. 1 (2016): p. 1–12, https://doi.org/https://doi.org/10.22437/jels.v5i1.3923.

²⁶Riri Oktari Ulma, "EFISIENSI PENGGUNAAN FAKTOR-FAKTOR PRODUKSI PADA USAHATANI JAGUN," *Jurnal Ilmiah Ilmu Terapan Universitas Jambi* 1, no. 1 (2017): p. 1–12, https://doi.org/https://doi.org/10.22437/jiituj.v1i1.3733.

²⁷Masyhuri, *Ekonomi Mikro* (Malang: Malang Press, 2007), p. 125

²⁸A. H. M. Sadeg, "Economic Development in Islam," *International Journal of*

only three factors of production, namely capital, labor, and land.²⁹

In contrast to Ibn Khaldun, M. Umar Chapra added that organization is a part of the factors of production. ³⁰Producing goods and services requires a combination of management, with the help of human labor and resources. On the other hand, Fahim khan asked about the factors of production that have been considered stable by the modern economy. According to him, land, labor, capital, and enterprise are classifications that are confusing and overlapping. So, in the end, he put forward the elements of productivity (productivity), ability to carry out production, and skills and skills to do production (entrepreneurship) as factors of production from an Islamic perspective. ³¹

a. Natural Factors

Natural factors are the basic factors in production. Nature in question is the earth and all its contents, both those that are above the surface of the earth and those contained within the earth itself. In the production process, all of these are classified as natural resources that can be utilized for the welfare and prosperity of all mankind.³²

Nature as an important factor of production includes all natural resources used in the production process, for example, water levels, soil fertility, air, water, mountains, forests, animals, climate, rain, and so on. According to Yusuf Al-Qardawi, the utilization of natural resources is based on the principles of "appropriate use" and "appropriate use". ³³Natural resources that are depleted belong to present and future

Economics, Management and Accounting (IJEMA) 1, no. 1 (1987): p. 35–45, https://journals.iium.edu.my/enmjournal/index.php/enmj/article/view/3.

²⁹Subaidi and Subyanto, "Ibn Khaldun's Concept of Production in Islamic Economics," Al-Hukmi: *Journal of Sharia Econ*Subaidi and Subyanto, "Konsep Ibnu Khaldun Tentang Produksi Dalam Ekonomi Islam," *Al-Hukmi : Jurnal Hukum Ekonomi Syari'ah Dan Keluarga Islam* 1, no. 1 (2020): p. 1–19, https://doi.org/10.35316/alhukmi.v1i1.745.*omic Law'ah And Islamic Family*1, no. 1 (2020): p. 1–19, https://doi.org/10.35316/alhukmi.v1i1.745.

³⁰Syamsuri, Setiawan bin Lahuri, and Yusuf Al Manaanu, "Analisis Konsep Produksi Menurut Muhammad Hasan As Syaibani Dalam Kitab Al Kasb," *Al Tijarah* 6, no. 3 (2020): p. 168–80, https://doi.org/https://doi.org/10.21111/tijarah.v6i3.5697.

³¹Dede Nurohman, *Memahami Dasar-Dasar Ekonomi Islam* (Yogyakarta: Sukses Offse, 2011), p. 115.

³²Jaidil Kamal, "Pasar Faktor Produksi Dalam Perspektif Ekonomi Islam," *Jurnal An-Nahl* 7, no. 2 (2020): p. 98–105, https://doi.org/https://doi.org/10.54576/annahl.v7i2.16.

 $^{\rm 33} Yusuf$ Qordowi, The Role and Moral Values in the Islamic Economy (Jakarta: Robban Press, 1997), p.139.

generations. The present generation has no right to abuse resources that can be exhausted to pose a danger to future generations.

The natural wealth that exists today must be maintained as well as possible so that future generations can also enjoy this natural wealth so that it does not just become a fairy tale. Both the Qur'an and al-Sunnah have emphasized the proper and efficient cultivation of natural resources, including land. The wasteful use of land in any form is condemned. But cultivating the land should not be the only job in an Islamic state. The state can make regulations that guarantee that land as a factor of production is used in such a way as to achieve balanced growth for the benefit of society.³⁴

Examine the historical development of Islamic economics during the time of the Prophet Muhammad. and friends found data that supports that the Messenger of Allah has succeeded in encouraging friends and Muslims so that they create a productive life by empowering land (ihya al-mawat) as a resource for people's prosperity.³⁵

Utilization and maintenance of land as a factor of production can also be considered a natural resource and can be exhausted within the framework of an Islamic economic society.

- a) Land as a natural resource A Muslim can obtain property rights over natural resources after fulfilling his obligations to society. The use and maintenance of these natural resources can generate two components of income, namely:
 - (a) Income from own natural resources (i.e. pure economic rent)
 - (b) Income from improvements in the use of natural resources through human labor and capital. Even if the purely economic rent is to be shared equally by all members of society, a person is still to be adequately rewarded for his human endeavors (i.e. wages and profits). It is therefore very important to separate purely economic gains from rewards for other factors that require the use of natural resources.
 - b) Land is a resource that can be exhausted According to the view of Islam, a resource that can be exhausted belongs to

 $^{^{34} \}rm Muhammad$ Abdul Mannan, Islamic Economic Theory and Practice (Yogyakarta: Dana Bhakti Prima Yasa, 1997), p. 70.

³⁵Yusuf Qordowi, *Peran Dan Nilai Moral Dalam Perekonomian Islam* (Jakarta: Robban Press, 1997), p.139.

the present generation as well as generations to come. The present generation has no right to abuse resources that can be exhausted to pose a danger to future generations.³⁶

b. Human Resources Factor (Labor)

Labor is a factor of production that is recognized by every economic system, both Islamic, capitalist, and socialist economics. Labor is defined as a physical or spiritual effort to satisfy a need. Adam Smith said "that labor is the only factor of production. Because with their labor, humans can change what is found in nature, from a productive capacity to agricultural products and increase the production of goods and services in industry which are the source of the nation's wealth. In general, economists agree that labor is the basis of productivity for all other factors of production. Neither nature nor land can produce anything without labor.³⁷

In Islam, labor is not just some businesses or services offered for sale to seekers of human labor. Those who employ the workforce have moral and social responsibilities. The moral and social dimensions of labor as a factor of production are not clear in secular economics. However, in Islam, labor is used in a broader but more limited sense. Wider, because it only looks at the use of labor services beyond the limits of financial considerations. Limited in the sense that a worker is not free to do whatever he wants with his labor.³⁸

Labor is one of the important factors in the production of a country's wealth which cannot be exploited unless it is explored and made into something more useful and productive by the workforce. Nature, can be very abundant and provide unlimited resources for a country but without human work, everything will not be processed and cannot be benefited.³⁹

Work productivity is the main reference for the company in determining the wages of its workers. Increasing the productivity of the human factor is a strategic goal because the increase in other factors of production is highly dependent on the ability of the human

³⁶Mannan, Teori Dan Praktek Ekonomi Islam, p. 57.

³⁷Ibid., p.225.

³⁸Muhammad, *Etika Bisnis Islam*, p. 59.

³⁹Zainal and Hasan, "Analisis Teori Produksi Perspektif Ekonomi Islam Dalam Buku Islamic Economics Theory And Practice Karya Muhammad Abdul Mannan," *ILTIZAMAT: Journal of Economic Sharia Law and Business Studies* 2, no. 1 (2022): p. 231–243, https://doi.org/10.55120/iltizamat.v2i1.916.

workforce to utilize them.40

Factors that affect work productivity can be classified into three groups: $^{41}\,$

- a) The quality and physical capabilities of the workforce, including the level of education, training, motivation, work ethic, and mentality.
- b) Supporting facilities, including the work environment (technology, production methods, facilities and equipment used, the level of occupational safety and health, and the atmosphere in the work environment itself), as well as guaranteed employee welfare in the system of wages and social security and guarantees for continuity of work.
- c) Supra facilities, including government policies, industrial relations, and management.

c. Capital

Capital is goods or equipment that can be used to carry out the production process. ⁴²So it can be seen that capital is goods which include all types of goods made to support the production of goods and services. Capital in economic activity is an important factor. Production that cannot be ignored, in addition to other supporting factors in the production process. Every individual has the right to use capital that is owned properly and productively.

Capital in the Islamic economic system must be free from interest. In this system, interest is not allowed to play a detrimental effect on workers, production, and distribution. The Islamic economic system tends to regard capital not as the main factor of production, but as an embodiment of land and labor afterward.⁴³Mochtar Effendi

⁴⁰Sukotjo, "PRODUKTIVITAS SUATU FAKTOR PENENTU BAGI PEMBANGUNAN SOSIAL DAN EKONOMI," *Jurnal Ekonomika Universitas Wijayakusuma Purwokerto* 12, no. 3 (2009): p. 151–58, https://www.neliti.com/id/publications/23172/produktivitas-suatu-faktor-penentu-bagi-pembangunan-sosial-dan-ekonomi.

⁴¹Nasron and Tri Bodro Astuti, "Faktor-Faktor Yang Mempengaruhi Produktivitas Kerja (Studi Pada Karyawan Bagian Produksi PT Mazuvo Indo)," *Jurnal Kajian Akuntansi Dan Bisnis* 1, no. 1 (2011): p. 1–23, file:///D:/PROPOSAL B/nasron.pdf%0D%0Ahttps://media.neliti.com/media/publications/103261-ID-faktor-faktor-yang-mempengaruhi-produkti.pdf.

⁴²Yoopi Abimanyu, *Ekonomi Manajerial* (Bogor: Ghalia Indonesia, 2012), p. 29.

⁴³FORDEBI ADESy, "Ekonomi Dan Bisnis Islam,", p. 59.

distinguishes capital based on the source of capital, namely:44

- a) Capital from nature All contents of natural resources that have not been declared owned by a person or legal entity can be used as production capital.
- b) Own capital Anything that belongs to a person can be used as capital for his business as long as the property or goods are not prohibited or declared illegitimate.
- c) Loan capital Loans obtained from other people or institutions and used as capital can overcome the shortage of production capital provided that the loan system used must not contain elements of usury or violate sharia rules, even the more advanced the economy, the more transactions will be carried out using credit. . Getting money (purchasing power) from a loan is called loan capital.

Several provisions of Islamic law regarding capital were put forward by A. Muhsin Sulaiman in Rustam Effendi, as follows:

- a) Islam forbids hoarding capital.
- b) Capital may not be borrowed and lent using usury.
- c) Capital must be acquired in the same way as property rights.
- d) Capital that reaches nisab, zakat must be issued.
- e) Capital should not be used to produce wastefully.
- f) Payment of wages for laborers/workers must be by the provisions of salaries in Islam.⁴⁵

d. Organization/Management

The organization, namely someone who takes the initiative to plan, guide, and organize the entire company, is referred to as a pioneer or entrepreneur. The whole work of planning in directing the company is organized. ⁴⁶In modern industry, organization plays a very significant role and is considered the most important factor of production.

Organization as a factor of production in Islamic economics is different from conventional economic concepts. In the Islamic

⁴⁴Turmudi, "PRODUKSI DALAM PERSPEKTIF EKONOMI ISLAM Muhammad Turmudi,", p. 48.

⁴⁵Mannan, *Teori Dan Praktek Ekonomi Islam*, p. 126.

 $^{^{46}}$ Afzalur Rahman,
 $Doktrin\ Ekonomi\ Islam$ (Yogyakarta: Dana Bhakti Wakaf, 1995), p. 297–98.

economic system, organizations as factors of production have the following characteristics:

- a) In Islamic economics, production is based more on equity-based (wealth) rather than loan-based (loans).
- b) Prioritizing the public interest in corporate organizations.
- c) The existence of moral integrity, accuracy, and honesty in accounting. Islam emphasizes honesty, accuracy, and sincerity in trading because it can reduce the cost of supervision or control.

Conclusion

Production in Islam is not only for profit (profit-oriented) but for worship (worship oriented). So that whatever goods are produced, a producer will emphasize Islamic principles in production and the principle is more concerned with the benefit of the people. The axioms in production activities extracted from the Al-Qur'an and Sunnah are Unity (oneness of God/Tawhid), Equilibrium, balance (justice), Free will or free will (ikhtiar), Responsibility (responsibility), and Truth (policy and honesty). Besides that, there are four factors of production in Islam namely, natural resources, human resources, capital, and management.

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