

## CHAPTER II

### LITERATURE REVIEW

#### 2.1 Inductive Study

Inductive studies are meaningful literature studies to maintain the authenticity of the study. This study is obtained from journals, proceedings, seminars, magazines and so on. In inductive studies the development of research can be known, the limits and shortcomings of previous studies, the development of the latest methods that other researchers have done. For the preparation of this study, researchers took various sources as references. Starting from books, journals, to those obtained from several websites. Researchers also found several references from previous researchers as a comparison with this study, including:

Heni et al. (2016), studied to determine the effect of company characteristics on environmental disclosure. The method used is a quantitative method with a type of secondary data survey. The analytical tool used to test the hypothesis of this study is multiple linear regression. The population of this research is all companies listed on the Indonesia Stock Exchange in 2014, which exposed and reported on Corporate Social Responsibility activities. The sample consisted of 17 companies selected by purposive sampling technique. The research subjects were 17 companies participating in the Indonesia Reporting Sustainability Awards (ISRA) in 2014. The results of this study indicate that company characteristics have a significant effect on corporate environmental disclosures. However, company size, profitability and foreign ownership have no significant effect. While, the type of industry has a significant impact on environmental disclosures.

Yuni Ratna Sari et al. (2013), conducted a study to produce a poverty alleviation model through the development of Teluk Kiluan ecotourism area with the concept of ecotourism based on community and the concept of integrated coastal zone management as a formulation of strategies for empowering local communities in order to improve community welfare and produce community empowerment model in coastal ecotourism areas in an integrated and sustainable manner through the establishment of coastal community forums. This research was conducted from April to November 2013, including observations / field surveys and interviews with competent key informants. Field work was carried out in Pekon Kiluan Negeri Kelumbayan District, Tanggamus Regency, Kiluan Bay Area, Tanggamus Regency Government, Tanggamus District Tourism Office, Love for Nature Non-Governmental Organizations, and stakeholders related to the substance of this research. The conclusions obtained from the results of this first year study are: coastal village poverty alleviation strategies through optimization of policies on the development of the Teluk Kiluan ecotourism area based on local wisdom and village institutional strengthening.

Syamsul Alam (2017), studied about identification of the extent of the impact of externalities generated from the operations of the PT Semen Tonasa cement plant. Based on the results of the study, the presence of a cement plant has a positive and negative impact on the community, while the positive impact or positive externality is the opening of employment opportunities for surrounding communities, infrastructure development, the availability of free health services, community empowerment, water storage assistance and business capital loans. The negative externalities caused are the impact of dust, reduction of water discharge, land conditions become less productive, reduced karst beauty, impact of noise, impact of vibration, health impacts and social shifts.

Amanah Aida Qur'an (2017), studied about the use of natural resources must be followed by maintenance and preservation because some natural resources are limited. So, for human survival it is necessary to take wise actions and be accompanied by high awareness in the management of natural resources so that the balance of the ecosystem is maintained. Based on the results of these studies, sustainable development is a pattern of development that pays attention to the balance of nature. Indonesia has abundant natural resources but is unable to manage it properly, actually exploiting it on a large scale. It

causes damage to nature. Al-Qur'an has also explained that natural damage is caused by human hands. Along with economic development, the higher the need for natural resources. Both renewable and non-renewable natural resources. Islam provides freedom to manage abundant resources but must still pay attention to the balance of nature and have limits, not exploitative but proportional so that natural resources are maintained.

Bambang Suhada (2016), studied about to carry out economic development as well as environmental preservation that continues to go hand in hand, although there are minus pluses between the two, but humans as the main actors of both things where humans are the implementers of economic development and also responsible for environmental conservation must make both this is to be balanced. Based on the results of these studies, abundant natural resources must be used and utilized for development and national economic development, but must remain in the designated corridor. This means that exploiting nature to boost the economy is justified, but not to monopolize nature, which means that under the pretext of increasing our natural economy it is damaged. Building a strong economy is our responsibility, but a livable environment is also a necessity for mankind.

Lina Karlina (2016), studied about to explain the definition of Environmental Ethics and Sustainable Development in the Islamic view. Explain the principles of Environmental Ethics and Sustainable Development in the Islamic view. Explain how to protect the environment so that it can still be enjoyed for generations to come Based on the results of these studies, a possible reason why Allah SWT mentions explicitly in the Qur'an is the importance of the environment and Islamic ways of managing this world. The quality of the environment as an indicator of development and the teachings of Islam as a technology for managing the world is clearly a strategic message from Allah SWT to be truly realized by every Muslim.

Ali Murtadho (2016), studied about is that national development should produce opportunities that first absorb the surplus of human resources to the point of turning or taking off, after which the remaining surplus of human resources becomes compelled to be absorbed into the system. Based on the results of these studies, the formulation of the Islamic concept of economic development strategies according to Fahim Khan based on

the strategy of expanding productive entrepreneurial activities is not based on the strategy of expanding formal sector employment in overcoming labor surpluses in the process of economic development. This strategy is seen in accordance with the Islamic economic system based on partnerships sharing profit and loss (profit-loss sharing). This strategy is different from conventional interest-based economic strategies that emphasize capital accumulation for industrial development to absorb more workers. But the Fahim Khan concept is still thicker with the formalism of the rules of Islamic law than expanding it substantially.

Fauziah (2016), studied about to determine Al-Buraey's views on socio-economic development in Islam, and the contribution of Al-Buraey's thinking in the socio-economic development of the Islamic community. The results of this study indicate that socio-economic development in general is a long-term program that is very important for each country. The socio-economic development will refer to existing theories from both capitalism and socialism. But the modern world only knows two poles of the theory of economic development, namely capitalism and socialism. This has also colored the current system of socio-economic development in the Muslim world, rather than the influence of the theory of Islamic socio-economic development.

Agung Wiranto (2018), studied about in Islam, the concept of sustainable development itself is actually not a new item. Long before the global community was aware of social and environmental issues in industrialization and the holding of the first UN conference in the field of Environment, the Qur'an in 1400 years ago called on humanity to utilize natural resources and also call not to do damage to the surah Al-Baqarah verse 60. The results of this study indicate that the concept of sustainable development is actually not just a theory in management. More than, is an appeal from Allah SWT. to humanity especially to Muslims. Human, social and environmental are components of an inseparable entity. It is a must for us to maintain a balance between them.

Moh Tohir (2014), studied about to the format of economic development thinking Al-Ghazali, Ibn Khaldun and Umer Chapra. Formulation of dimensions of implementation of Islamic economic development thinking. In this research the author tries to explore the thoughts of the three figures who are referred to as those related to economic development.

Rizal Muttaqin (2018), studied about to the issue of economic growth which will be examined in the eyes of Islamic economics. The researcher uses the library study method that is closely related to theoretical studies and other references related to values, culture, and norms that develop in the social situation under study. The results of this study found that in Islamic economic studies, the problem of economic growth has been the concern of experts in the discourse of classical Islamic economic thought. The results of this study indicate that the peculiarities of growth and development in Islamic economics emphasize very serious attention to human resource development and empowerment nature to increase human dignity. This is not only manifested in the success of fulfilling material needs, but also the need and preparation for the afterlife.

Raihanah Daulay (2016), studied about to change the structural concepts according to Islamic economics in order to facilitate them in developing micro enterprises. The results of this study found that the government needed to protect micro-enterprises so that they could survive through local regulations. Muslims can take a role by providing knowledge that adds insight through counseling the community as a form of muamalah. The government needs to pay attention to the economic system that is more in line with the Indonesian social system and evaluate the concept of economic development and distribution which has been experiencing injustice. The government needs to take action to elevate the poor by encouraging people to become entrepreneurs to become productive communities, not only by providing direct assistance that makes it a consumptive society.

Marwini (2017), studied about to the impact of usury on the economy of society in the aggregate (overall), not individuals or companies (institutions). While the discussion of usury in the micro scope is discussing usury only from the side of the contractual relationship between the debtor and the creditor. Usually what is discussed is

the percentage of interest that must be paid by the A or company X as the debtor to the creditor. Also, whether the interest paid by the debtor is burdensome or profitable. This is called a study from a microeconomic perspective. Even though the verses of the Koran highlight the systemic practice of usury, namely usury which has become an ubiquitous system, usury which has become an economic instrument as believed by adherents of the capitalist economic system. In this capitalist system, the interest rate is the heart of the economic system.

Ahmad Budiman (2014), studied about Islamic economic ideology and capitalism ideology which are clearly very different. At this time the banking players have succeeded in mixing Islamic sharia economics and the capitalist economy which only pursue material benefits. In practice, many sharia banks that adhere to sharia economic systems instead apply a system of capitalism in order to gain little profit or material benefits.

The researcher chose the title Sustainable Development According to the Islamic Perspective because it has proven that Islamic economic systems or sharia have been shown to show superiority in times of crisis both in Indonesia and in other countries in the world. Based on the study of an independent organization representing the UK financial service industry, which was also quoted in the Republika media, London International Financial Services (IFSL), Islamic finance was not significantly affected by the global economic crisis because Islamic finance did not use derivative instruments like conventional finance. Although Islamic finance also has risks, sharia is far from uncertainty or *gharar* and if it is exposed to risk, Islamic finance will share the risk. All sale and purchase agreements do not apply if the object of the agreement is uncertain and not transparent. The advantages of sharia economic systems are not only recognized by leaders in Muslim-majority countries. The resilience of the Islamic economic system to the impact of the global financial crisis has opened the eyes of world economists, so that many of them have conducted in-depth studies of the economy based on sharia principles.

## 2.2 Deductive Study

Deductive study builds conceptual where relevant phenomena or parameters are systematic, classified and connected so that they are general. The deductive study is the theoretical basis used as a reference for solving research problems.

This study focuses on sustainable development in the field of Economics according to the perspective of Islamic ethics, then the collected data are analyzed using qualitative analysis. This research was conducted by gathering references and research journals on sustainable development which will later be adapted to what has been described in the Qur'an regarding sustainable development in the Islamic view, in order to obtain the sources and materials that are the object of research. The Qur'an not only mandates financial arrangements, but also includes recognition of the authority of financial institutions, financial institution cooperation, buying and selling, strengthening financial institutions, etc.

On the other hand, the Islamic economy is still constrained by the weak level of substantive and constructive participation from the public and financial institutions. So, that is used by those who only prioritize the interests of groups who want to make as much profit as possible. Furthermore, whether the developed economy and its people prosper in the future, is determined by the extent to which economic actors carry out their economic activities in accordance with Islamic law.

## 2.3 Theoretical Review

### 2.2.1 Definition of Sustainable Development

The definition of sustainable development since introduced by the World Commission on Environment and Development (WCED) as stated in Our Common Future or the Brundtland report, is still in the realm of debate among environmental experts. This has led to many interpretation of the definition about sustainable development.

Here are some definition about sustainable development. Ordóñez and Duinker (2010) state that sustainable development is the first is a capacity in maintaining ecological, social and economic stability in the transformation of biosphere services to humans, second fulfilling and optimizing the needs of current and future generations, third is persistence of the required and desired systems ( socio-political or natural) in an unlimited amount of time, the fourth is integration of ethical, economic, social and environmental aspects are coherent so that generations of humans and other living beings can live at this time as well as in the future without limits, fifth is fulfilling needs and aspirations under the factor environmental, social and technological constraints, sixth is live in harmony with nature and the other and seventh is to maintain the quality of the relationship between humans and nature.

International Union for Conservation of Nature and Natural Resources (IUCN) (1980) in world conservation strategy defined to be a sustainable development, the implementation of development must considering to environmental, social and economic factors based on living resources and consider the long-term and short-term gains or losses of an alternative action. Meanwhile the Food and Agriculture Organization (1995) through the fisheries commission means that sustainable development, as outlined in the Code of Conduct for Responsible Fisheries, is the preservation and management of natural resources aimed at ensuring the sustainability of the needs of present and future generations. Development of conservation such as land, water, plants and genetic resources does not cause environmental degradation, uses appropriate technology and is acceptable socially and economically.

Law No. 32 of 2009 concerning Protection and Management of the Environment, sustainable development is defined as a conscious and planned effort that integrates environmental, social and economic aspects into development strategies to ensure the integrity of the environment along safety, capability, welfare, and quality life of present and future generations. Based on the above meanings, the development paradigm that originally focused on economic considerations merely shifted to the development paradigm with the environmental and social sectors as a sector that cannot be abandoned.

### 2.2.2 Principles of Sustainable Development

Sustainable development concentrates on three pillars namely economic, social and environmental development. To ensure the harmony between the three pillars, the implementation of development must refer to the principles of sustainable development.

There are at least four points in the principles of sustainable development (Zulkifli, 2013). These principles include:

- 1) Equity and social justice. This first principle has the meaning that the development process must continue to guarantee equitable distribution of natural and land resources for present and future generations. Development must also ensure the welfare of all levels of society;
- 2) Appreciate diversity. Biodiversity and cultural diversity need to be maintained in ensuring sustainability. Biodiversity is related to the sustainability of natural resources, while cultural diversity is related to equal treatment of everyone;
- 3) Using an integrative approach. Sustainable development prioritizes the relationship between humans and nature. Where humans and nature are elements that cannot stand alone;
- 4) A long-term perspective, in this case sustainable development is oriented not only to the present but the future. To ensure future generations get the same or even better environmental conditions.

### 2.2.3 Planning in Development

Development can be conceptualized as a process of continuous improvement of a society or an overall social system towards a better or more human life, and development is to make or create or regulate that does not yet exists (Rustiadi, 2009).

At least according to Todaro (2000) development must fulfill three basic components which are used as conceptual bases and practical guidelines in understanding the most essential development, that are adequacy, fulfilling basic needs, increasing self-esteem, and freedom to choose. Todaro argues that development must be seen as a multidimensional process that includes a variety of fundamental changes to social structure, attitudes of society, and national institutions, while still pursuing accelerated

economic growth, handling income inequality and poverty alleviation. So, in essence this development must reflect the total change of a society or the adjustment of the overall social system without ignoring the diversity of basic needs and desires of individuals and social groups within it to move forward to a more complete living condition both materially and spiritually.

Long in Nasdian (2010) states that development from the perspective of sociology and anthropology is a planned change, as an understanding of patterns of development and change concerning the type of approach used by the government and its representatives to initiate economic development and social change. In the third world the role of government is very large in managing the community according to certain political and economic goals. If in developed countries the main targets are in the social and economic fields, then in developing countries there will be more towards centralized state planning with get a lot of outside help.

According to Korten (1998) the difference of development which centered to industry-centered development is that people-centered development routinely places people's needs above the needs of the production system while development centered on the production system consistently places the needs of the production system above people's needs. Conyers (1994) states that social planning is not merely a planning document but more how social planning becomes a direction for the purpose of planning itself.

Planning is a term that is not easy to define. Planners often think that they know the meaning of this word well because of the work they do. But in practice the planners do a very diverse job, so they interpret things that are different from the word term. According to Hall (2002), concluded that the meaning of "planning" is a gradual process of activity aimed at achieving a goal or several objectives. The main technical formulation is in the form of written statements, which can be supplemented by relevant statistical projections, mathematical formulations, quantitative evaluations and diagram illustrations that illustrating the interrelationships of the components of the plan prepared, and it could be without a blueprint for physical representation of planning objects at all.

Planning is a rational way of dealing with the future, typically involving data collection and data analysis, studying possible trends in the future, considering alternative scenarios, some of that analyze how much profit and costs need to be spent, choosing suggested scenarios and planning how implement it (Kelly and Becker, 2000). Another case according to Rustiadi et al. (2009) which states that in general there are two important elements in planning, namely things to be achieved, and ways to achieve them. In the planning process, both elements are explicitly or implicitly contained in various nomenclatures such as; vision, mission, goals, objectives, strategies, policies, programs, projects, activities and so forth.

The planning process is actually part of the capacity building process, namely building institutional capacity of an institution (Rustiadi et al., 2009). The implementation of a plan is expected to lead to the achievement of the expected goals, such as through a process of monitoring and evaluation based on established performance indicators. This is made clear by Friedman in Korten (1998) who stated that planning is not just a plan but more meaningful as a process of "learning together", not putting pressure on documents but on dialogue, and the results are more dependent on reciprocal relationships of individuals according to background specifically and not in abstract institutions. So, he named this planning style as transactive and the underlying model as "social learning".

## **2.4 Usury**

### **2.4.1 Definition of Usury**

Usury, according to the meaning of language means additional (az-ziyadah), developing (an-numuw), binding (al-irtifa'), and enlarging (al-'uluw). In other words, usury is the addition, development, increase, and enlargement of the principal loan received by the lender from the borrower in return for deferring or separating from part of his capital for a certain period of time.

In this case, Muhammad Ibnu Abdullah, Ibnu al-Arabi al-Maliki in the Ahkam Al-Qur'an said that the additions which included usury were additional ones taken without any 'iwad (balancer / substitute) which the Syari'ah validated. According to Sayyid Sabiq in the book fiqh Sunah, what is meant by usury is additional capital, either adding a little or a lot. Therefore, the definition of usury according to terminology (the opinion of scholars) is the interest of credit that must be given by the person who owes the person who owes, in return for using a number of debts in a predetermined period of time. For example, the A gives a loan to B with the condition that B must return the loan principal and the additional percent.

#### 2.4.2 Types of Usury

Broadly speaking, usury is divided into two. Each is a usury of debt and usury debt for sale and purchase. The first group was divided into usury Qardh and usury Jahiliyah. The second group, usury selling, was divided into usury Fadhl and usury Nasiah.

##### 1) Usury Qardh

A certain benefit or level of excess required against those who owe (muqtaridh).

##### 2) Usury Jahiliyah

Debt is paid more than the debt because the borrower is unable to pay the debt at the stipulated time. Usury jahiliyah is forbidden because the method "kullu qordin jarra manfa ah fahuwa usury" (every loan that takes advantage is usury.) In terms of delays in the delivery, usury jahiliyah is classified as usury nasiah, in terms of similarities the object exchanged is classified as usury fadhl.

##### 3) Usury Fadhl

Usury fadhl is also called usury buyu, which is usury which arises due to the exchange of similar goods that do not meet the criteria, the same as the quantity, and the same as the time of delivery. Such exchanges contain gharar, which is unclear to both parties about the value of each item exchanged. This lack of clarity can lead to wrong doing against one party, both parties and the other parties.

##### 4) Usury Nasiah

Usury nasi'ah also called usury duyun, which is usury which arises due to debts that do not meet the profit criteria appearing with the risks and results of business

appearing along with the costs. Transactions such as this contain the exchange of obligations to bear the burden only because of the time travel. Usury Nasi'ah is the suspension of the delivery or receipt of usurywi items that are exchanged with other types of usurywi goods.

## 2.5 Capitalism

### 2.5.1 Defintion of Capitalism

According to Marx (Ritzer, 2003), capital is money that makes a lot of money. In other words, capital is more money invested than money used to meet human needs and desires. Capitalism according to Max Weber is not just a value or mental attitude to look for profit rationally and systematically or just a production system oriented to profit seeking. While according to Karl Marx, capitalism is a way of production and relations in the production process then raises various implications such as political economy, social psychological and cultural. When feudalism began to fade, then there was a capitalistic economic system, then what happened then was a change in relations between classes, modes of production (mode of production), and changes in people's lifestyles.

The essence of capitalism is ownership, competition, and rationality. In contrast to feudalism where the capital and sources of class formation depend on the broad ownership of land and tradition, in the capitalism of sources of difference and class division are capital and ownership of industrial assets. This has a negative impact on the proletarian class which tends to be alienated and experiences the exploitation process which causes their position to be truly marginal.

Another fundamental essence of capitalism according to Robert Lekachman and Borin Van Loon (Suyanto, 2011), among others:

- 1) Capital is a part of a nation's wealth which is the work of humans and can therefore be reproducible.

- 2) Under the system of capitalism, a means of public capital, the means of production are owned by a handful of individuals who have the legal right to use their property rights to reap personal benefits.
- 3) Capitalism depends on the market system, which determines distribution, allocates resources and sets the level of income, salary, rental costs, and profits from different classes.

Indomaret franchise is one of the applicative forms of capitalism, in other words a large economic business in which the means of production and relations in the production process dominate other small economic actors. Indomaret is characterized as capitalism because legally the means of production and capital are large and even labor is owned by business people. For example, intellectual property rights such as brand patents of a product and Indomaret building, machinery, and the entire workforce are coordinated and controlled by Indomaret franchise owners. Significantly the process indicated social marginalization for small traders.

### **2.5.2 Special Characteristics of Capitalist Economy**

Capitalists are people who have the means of production. They are people who give wages. The capitalist system is a social structure that emerges from the basis of this explosive relationship. Capitalists are people who live from their capital gains through the exploitation of the proletariat. The basic characteristics of the economy of capitalism according to Mandel (2006) are as follows:

- 1) Production consists of commodity production, namely production which aims to be sold on the market. If the commodity produced is not sold above the existing price, the capitalist company and the bourgeoisie as a whole will not get the surplus value produced by the worker through the commodity.
- 2) Production is carried out in conditions where the production equipment is privately owned. The power to regulate productive forces (means of production and labor) is not collective property, but is divided between companies controlled by different capitalist groups (interests of individuals and families, limited companies and financial groups).

- 3) Production is carried out for a market that is not limited and under pressure from competition. Every individual capitalist (private owner, every company or capitalist group) strives to get the greatest profits without considering the overall results of similar decisions taken by other companies operating in the same field. This is done to get the biggest share of profits from profits that can be extracted from the market.
- 4) The goal of capitalist production is to maximize profits. Pre-capitalist class owners live from social surplus products, generally consume in unproductive ways. Capitalists must lower production costs (costs and prices) and use sophisticated machine technology to get a large amount of capital. Therefore, under the whip of competition, capitalism is required to seek profit maximization in order to develop productive investment to a maximum.
- 5) Capitalist production appears to be a product that is not only for profit but capital accumulation.

Based on the characteristics of capitalism as stated above, it can be explained that Indomaret is one example of the many forms of Capitalism Economics, which produce goods that will be distributed to consumers. Not only the basic needs of the community, but additional needs such as recreation and comfort and satisfaction are also the basis for running Indomaret's business. In carrying out Indomaret's business is inseparable from the pressure of competition from other economic actors. Therefore, Indomaret franchise owners use various strategies to reap profits. Such as lowering production costs and selling prices of products to consumers, making promotions and accumulating capital through expansion of franchises to various regions. This has become a common phenomenon that control of family companies is modern because business owners are not directly related to workers but through Indomaret managers who are referred to as borjuis minor.

On the other hand, Desai (Suyanto, 2011) gave the idea that the basic strength in running the Indomaret franchise is a production capital. This also marks the characteristics of capitalism, among others:

- 1) Production for sale rather than for self-consumption.
- 2) There is a market where labor is bought and sold by means of exchange of wages through contractual relations.

- 3) The use of money in the exchange process then provides a systematic role for banks and non-bank financial institutions.
- 4) The production process or work process is in the control of the capital owners or managerial agents.
- 5) Control in financial decisions is in the hands of capital owners, where workers do not participate in the decision-making process.
- 6) The enactment of free competition among owners of capital.

## 2.6 Islamic Economic

Economic activity is an activity carried out by humanity in its efforts to meet its needs. Islamic economic activity as a separate economic institution has a different understanding from the previous economic institutions. Here are some opinions about the notion of Islamic economics:

- 1) Islam in which the way Islam is transformed regulates the life of the economy with what is owned and addressed by this madzab, namely about the accuracy of the way of thinking which consists of Islamic moral values and the values of economics or historical values related to stratagems economy and related to the description of the history of mankind.
- 2) Islamic economics is a set of general economic fundamentals which are concluded from the Qur'an and the Sunnah and are economic structures that are established on the basis of these principles in accordance with the environment and time.
- 3) Islamic economics is the science that directs economic activity and regulates it according to the basics and tactics of Islamic economics.

The above understanding gives a big difference with the previous madzab economy. The basic characteristics and values are:

- 1) Islamic economics is part of the Islamic system as a whole. Islam is a multi-complete, multi-factual and multi-dimensional religion in fulfilling the life of His creatures. This includes economic life. The height of Islamic values is far different from all religions. Islam has the power of law, legislation, manners, and behavior. Therefore, it is very unfair if these complete instructions for life are separated between one part and another.

- a) Economic activity in Islam is devoted. Any works done by Muslims, will be the economic work or cannot be changed from ordinary material work to rewarding worship if the Muslim person in his work intends to seek other than the pleasure of Allah SWT.
  - b) Economic activity in Islam is sublime. The two economic madzab make materialism its orientation. So, they fight each other to compete, monopolize the markets and sources of raw materials. This competition gave rise to world war both the first and the second, even triggering the occurrence of third world war or nuclear war between the blocks of capitalism and socialism. The role of Islamic economics in every aspect of its economic activities always puts forward cooperation and profit sharing so that what happens is the noble nature of mutual help.
  - c) Supervision of the implementation of economic activities in Islam is the actual supervision, which gets the main position. The misuse of economic activity by some economic actors is due to weak supervision that only relies on state control. In the Islamic economic environment instilled the supervision of conscience that is built on the belief in the existence of Allah SWT and the calculation of the last day. A Muslim will feel unable to escape the supervision of Allah SWT even though he can escape the supervision of human power. This type of supervision is what guarantees the safety of people's behavior and eliminates misuse of economic activities.
- 2) Islamic economics realizes a balance between the interests of individuals and the interests of society. The noble ideal of Islamic economics is to carry out a mission as khilafah on earth with the task of prospering it. A Muslim believes that he will take responsibility for this obligation before Allah SWT. The material benefits achieved in economic activities, for a Muslim, is to be the aim of the intermediary to achieve human aspirations in the form of obedience to Allah SWT. In other words, the economic ideals of Islam are not creating competition, monopoly, or selfishness by collecting all the world's assets and preventing them from others, as happened in the economic system of human discovery. Islamic economic ideals realize wealth, welfare, and life benefits for the entire community accompanied by the intention of carrying out the khilafah rights and obeying the commands of Allah SWT.

The basic values of Islamic economics as outlined above show that there is integration between material and spiritual elements, worldly and final elements, and individual and community elements. The balance of these elements will have an impact on the success and success of a person and society in achieving their goals.

## **2.7 Development Base on Islamic Economic**

Development carried out by a country in the view of Islamic economics must have a far-reaching goal, namely in the form of increasing human welfare and happiness in the world and the hereafter. Development must not only relate to world problems, but also must be associated with a more enduring (transcendental). Therefore, development must refer to or be based on Shari'a provisions, both in the form of the word of God, the words of the Apostle, ijma, qiyas, and ijihad of the religious scholars.

Whole human development has become the first target in the Islamic economy. In other words, development does not only build the people's economy, but also builds its mental attitude (mental attitudes). Development is also not just his physical needs, but also his needs. The need for rokhani that is built will automatically encourage independence, and a high awareness for everyone to build themselves up, and build a nation and humanity.

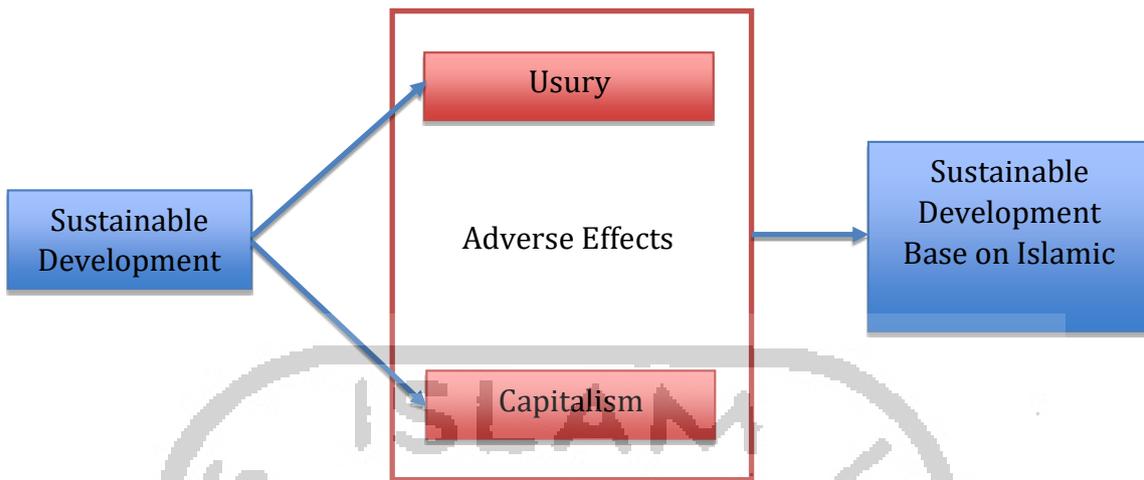


Figure 2.1. Research Recapitulation