

## THE CONCEPT OF PEOPLE'S SHARIA ECONOMY IN THE PERSPECTIVE OF DIGNIFIED JUSTICE THEORY: WHAT AND HOW?

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### **Abstract**

Indonesia, as the world's largest Muslim-majority country, requires the development of an economic system that aligns with the principles of Islamic Sharia, one of which is through the concept of Sharia populist economy. This concept balances Sharia principles with the spirit of populism to achieve social justice and community welfare. The purpose of this research is to explore a deep understanding of the Sharia populist economy concept and how it can be integrated with principles of dignified justice. It also aims to analyze practical steps and strategies for implementing the Sharia populist economy concept in the Indonesian context, considering principles of dignified justice. This research employs normative legal research methods with a conceptual approach, using primary and secondary legal sources, data collection techniques through literature studies, and qualitative data analysis. The research findings reveal that the concept of Sharia populist economy is understood from the perspective of the theory of dignified justice as an effort to create an economic system that is fair, balanced, and prioritizes the welfare of all societal layers. This is achieved by integrating Islamic Sharia principles with the spirit of populism, involving active community participation in productive economic activities. This concept aims to create comprehensive justice, covering economic, spiritual, social, and environmental dimensions, ensuring that the entire society has equal opportunities to achieve well-being and dignity. Its implementation in Indonesia can be realized through a comprehensive approach, such as formulating supportive policies and regulations, developing adequate infrastructure, enhancing human resource capacities, encouraging active stakeholder participation, and the government's role in creating a conducive environment while maintaining principles of justice, balance, and welfare for all societal layers in line with the spirit of populism.

## I. Introduction

Indonesia is the country with the largest Muslim population in the world. Alongside the growth of the national economy, the need to develop an economic system that aligns with the principles of Islamic Shariah has become increasingly important. One concept that has drawn attention in the discourse on Shariah economics is the Shariah-based people's economy.(Rohmah et al., 2024) This concept aims to balance Sharia principles with the spirit of populism that upholds the values of social justice and community welfare. The constitutional foundation of Sharia populist economy can be found in the 1945 Constitution of the Republic of Indonesia, particularly Article 33 paragraph (1) which states that "The economy shall be organized as a cooperative endeavor based on the principle of familialism." Additionally, Article 34 paragraph (1) asserts that "The poor and neglected children shall be taken care of by the state." These articles emphasize the principles of social justice and community welfare, which are the main goals of the Sharia populist economy.

Furthermore, the development of the Sharia populist economy is also supported by various other laws and regulations, such as Law Number 25 of 1992 concerning Cooperatives, which provides a legal basis for populist economic activities based on cooperatives. Law Number 7 of 1992 concerning Banking, as amended by Law Number 10 of 1998, also regulates Sharia banking activities, which are one of the important pillars in the Sharia populist economy. In this context, the concept of the Sharia populist economy can be seen as an effort to realize dignified justice (al-'adalah al-insaniyyah), which is one of the main principles in Islamic teachings. This dignified justice not only emphasizes economic justice but also includes spiritual, social, and environmental dimensions that are interconnected with one another.(Muhamad, 2021)

One of the relevant theories in discussing the concept of sharia people's economy from the perspective of dignified justice is the social justice theory proposed by John Rawls. In his theory, Rawls emphasizes the importance of justice principles that guarantee basic individual rights and provide equal opportunities for everyone to achieve well-being.(Madung, 2016) This principle aligns with the spirit of shariah-based people's economy, which strives to create a fair economic system and provide equal opportunities for all layers of society to achieve prosperity. However, Rawls's theory of justice still has limitations, particularly in the normative framework used. In this context, the concept of shariah-based people's economy can offer a more comprehensive perspective by integrating shariah principles derived from the Quran and the Sunnah of Prophet Muhammad (PBUH). These principles include values such as justice, balance, public interest, and social responsibility, which can enrich the concept of dignified justice and help realize it in economic reality.(Sunaryo, 2022)

Therefore, this study aims to explore the concept of Sharia people's economy from the perspective of dignified justice theory, with the goal of providing a deeper understanding of what is meant by the Sharia people's economy and how this concept can be implemented in the context of Indonesia. This research is expected to make a significant contribution to the

development of an economic system that aligns with Sharia principles and social justice values, as well as address the challenges and needs of the diverse and pluralistic Indonesian society. The formulation of the problems in this research are as follows:

1. How is the concept of sharia populist economy understood and interpreted from the perspective of dignified justice theory?
2. How can the practical implementation of the concept of sharia populist economy from the perspective of dignified justice theory be realized in Indonesia?

## **II. Research Method**

In this study, the appropriate research method is normative legal research with a conceptual approach. The normative legal research method is chosen because this study focuses on analyzing the concepts and legal principles underlying the people's sharia economy and the theory of dignified justice. This research does not involve the collection of empirical data but rather emphasizes a literature study and analysis of relevant legal materials. The conceptual approach is used to deeply understand and examine the main concepts related to the people's sharia economy and the theory of dignified justice. This approach allows researchers to explore the meanings, scope, and implications of these concepts, as well as analyze the relationship between them.

The sources of legal materials in this study consist of primary legal materials and secondary legal materials. Primary legal materials include legislation related to the people's sharia economy and social justice, such as the 1945 Constitution of the Republic of Indonesia, Law Number 25 of 1992 concerning Cooperatives, and Law Number 7 of 1992 concerning Banking as amended by Law Number 10 of 1998. Secondary legal materials include literature that discusses the concept of the people's sharia economy, the theory of dignified justice, and other related topics, such as books, journals, scientific articles, and other relevant sources. The data collection technique in this study is conducted through a literature review. The researcher will collect and study primary and secondary legal materials related to the research topic. This technique involves searching, identifying, and analyzing written sources relevant to obtain the necessary information and data for the research.

The data analysis technique used is qualitative analysis. The data obtained from the literature study will be analyzed in-depth using methods of interpretation, systematization, and construction. The researcher will interpret and analyze the main concepts in the people's sharia economy and the theory of dignified justice, as well as construct a comprehensive understanding of the relationship between the two. This analysis will also involve identifying the principles and values underlying both concepts, as well as exploring practical implications in the context of Indonesia. Through normative legal research methods with a conceptual approach, relevant legal material sources, data collection techniques through literature study, and qualitative data analysis techniques, this research is expected to provide an in-depth understanding of the concept of the people's sharia economy from the perspective of the

theory of dignified justice, as well as offer practical recommendations and solutions for implementing this concept in Indonesia.

### **III. Results and Discussion**

#### **The Concept of Sharia People's Economy Understood and Interpreted in the Perspective of Dignified Justice Theory**

The understanding of the concept of sharia people's economy in the perspective of the theory of dignified justice is an effort to integrate the principles of Islamic Sharia with the spirit of democracy and social justice that guarantees the dignity and welfare of society. This concept offers a new paradigm in managing the economic system that not only focuses on economic growth alone but also considers aspects of justice, balance, and welfare for all layers of society.(Rizal, 2011)

The main foundation of the concept of Shariah-based people's economy can be found in the Constitution of the Republic of Indonesia of 1945, which upholds the principles of social justice and the welfare of society. Article 33, paragraph (1) of the 1945 Constitution states that "The economy shall be organized as a joint effort based on the principle of kinship." This principle of kinship reflects the spirit of populism, where economic activities are not monopolized by a few parties, but involve active participation from all layers of society. Furthermore, Article 34, paragraph (1) of the 1945 Constitution mandates that "The state shall care for the underprivileged and destitute children." This reaffirms the commitment to achieve social justice and the welfare of society, especially for those less fortunate. This principle is in line with Shariah values that emphasize the importance of social solidarity, generosity, and collective responsibility in assisting others.

From the perspective of the theory of dignified justice, Shariah-based people's economy can be understood as an effort to achieve justice that not only focuses on economic aspects alone but also includes spiritual, social, and environmental dimensions. This theory seeks to create an economic system that is fair and provides equal opportunities for all layers of society to achieve welfare and dignity.(Munandar & Ridwan, 2023)

One of the main pillars in Shariah-based community economy is the principle of justice ('adl), which is one of the fundamental principles in Islamic teachings. This principle emphasizes the importance of fair and non-discriminatory treatment in all aspects of life, including economic activities. This is in line with Rawls' theory of justice, which emphasizes the importance of justice principles that guarantee basic rights of individuals and provide equal opportunities for everyone to achieve welfare.(Adhari et al., 2021) However, Islamic populist economy also offers a more comprehensive perspective by integrating Sharia principles derived from the Quran and the Sunnah of the Prophet Muhammad (PBUH). These principles encompass values such as balance (tawazun), utility (maslahah), and social

responsibility (mas'uliyah ijtima'iyah), which can enrich the concept of dignified justice and help realize it in economic reality.(Hartanto, 2023)

One practical example of implementing Shariah-based grassroots economics in the perspective of dignified justice is through the development of Shariah-compliant cooperatives. Law Number 25 of 1992 concerning Cooperatives provides a legal basis for grassroots economic activities based on cooperatives. Shariah cooperatives integrate Shariah principles into their business activities, such as avoiding practices of riba (interest), gharar (uncertainty), and maisir (gambling). Shariah cooperatives also emphasize principles of justice, balance, and welfare for all members, and play a role in improving the welfare of society.(Hasanudin et al., 2022)

Furthermore, the development of Islamic banking is also an important effort in realizing a just Islamic economy. Law Number 7 of 1992 concerning Banking as amended by Law Number 10 of 1998 regulates Islamic banking activities that operate in accordance with Sharia principles. Islamic banking offers financial products and services that are free from usury and play a role in supporting productive economic activities for the community, especially in the micro, small, and medium-sized enterprises (MSMEs) sector.(Hafidah, 2012)

The implementation of Sharia-based people's economy in the perspective of dignified justice can also be realized through community economic empowerment programs involving active participation from all layers of society. These programs may include entrepreneurship training, access to capital, business mentoring, and marketing network development. Thus, communities can actively participate in productive economic activities and develop businesses in accordance with Sharia principles.(Bambang et al., 2023)

In this context, the government's role is crucial in creating a conducive environment for the development of the Islamic economy. The government can formulate policies and regulations that support the growth of the Islamic economic sector, such as fiscal incentives, infrastructure provision, and increasing access to Islamic financial education and training. Additionally, the government can also play a role in overseeing and ensuring compliance with Sharia principles in economic activities.(Rohmah et al., 2024)

Overall, the concept of Sharia-based people's economy in the perspective of dignity justice theory offers a new paradigm in managing the economic system that not only focuses on material aspects but also considers spiritual, social, and environmental dimensions. This concept strives to create comprehensive justice, where all layers of society have equal opportunities to achieve welfare and dignified status. Through implementation in line with Sharia principles and the spirit of people's sovereignty, Sharia-based people's economy can become an alternative solution in realizing social justice and sustainable economic development in Indonesia.

**Implementation Of The Concept Of Sharia Populist Economy From The Perspective Of Dignified Justice Theory Be Realized In Indonesia**

The practical implementation of the concept of Islamic populist economy within the perspective of dignified justice theory in Indonesia requires a comprehensive and systematic approach. This involves various aspects, such as the formulation of supportive policies and regulations, infrastructure development, enhancement of human resource capacity, and active participation from all stakeholders, including the government, Islamic financial institutions, business entities, and the wider society.(Mursal, 2015)

One important step in implementing this concept is to strengthen the legal foundation and policies that support the growth of Sharia-based grassroots economy. The Cooperative Law Number 25 of 1992 has provided a legal basis for grassroots economic activities based on cooperatives. However, it is necessary to refine and harmonize it with other regulations to accommodate the development of Sharia-based grassroots economy more effectively. Additionally, the Banking Law Number 7 of 1992 as amended by Law Number 10 of 1998 also needs to be reviewed to ensure that the Islamic banking system can play an optimal role in supporting grassroots economic activities. The government can formulate policies and fiscal incentives that facilitate access to capital for Sharia-based micro, small, and medium-sized enterprises (MSMEs).

Adequate infrastructure development is also a crucial factor in implementing Sharia-based grassroots economy. This includes the construction of trade centers, traditional markets, as well as other supporting facilities and infrastructure that facilitate grassroots economic activities. The government can collaborate with local governments and Islamic financial institutions to allocate adequate budgets for the development of such infrastructure.(Mustika, 2020)

Next, the enhancement of human resource capacity becomes a crucial key in realizing a sustainable shariah-based economy. This can be achieved through programs of education and training in shariah finance, entrepreneurship, and business management. The government can collaborate with educational institutions, shariah financial institutions, and civil society organizations to design and implement these programs effectively.(Krisnawati & Hussein, 2016) In this context, Law Number 20 of 2003 concerning the National Education System can serve as a legal basis for integrating Islamic financial education and entrepreneurship into the education curriculum at various levels. This will help instill the values and principles of Shariah-based grassroots economics from an early age, as well as prepare young generations with the skills and knowledge necessary to develop businesses in accordance with Shariah principles.

Active participation from all stakeholders, including Islamic financial institutions, entrepreneurs, and the wider community, also plays a crucial role in the implementation of Shariah-based grassroots economics. Islamic financial institutions, such as Islamic banks, Islamic insurance, and Islamic microfinance institutions, can act as strategic partners in providing access to capital, consultancy services, and support for grassroots Shariah-based businesses.(Suardi, 2023) Business actors, both from the MSME sector and Islamic



cooperatives, need to be encouraged to adopt best practices in running their businesses in accordance with Sharia principles. This includes applying the principle of justice in business transactions, avoiding usury practices, gharar, and maisir, and prioritizing welfare and social responsibility.(Ferdinand et al., 2023)

The wider community also plays an important role in supporting the growth of Shariah-based grassroots economy through active participation as consumers who choose products and services in accordance with Shariah principles. This will create strong demand and drive the growth of Shariah-based grassroots businesses.(Moh. Musfiq Arifqi, 2021) In addition, the government can encourage partnerships and collaboration among Sharia-based community business actors, Sharia financial institutions, educational institutions, and civil society organizations. These partnerships can facilitate the exchange of knowledge, technology transfer, and the development of broader marketing networks for Sharia-based community business products.(Muheramtohad, 2017)

In the implementation of Sharia-based economy, the role of the government is crucial in creating a conducive and supportive environment. The government can formulate policies and regulations that support the growth of the Sharia economic sector, such as fiscal incentives, infrastructure provision, and enhancing access to Sharia financial education and training. Additionally, the government can also play a role in supervising and ensuring compliance with Sharia principles in economic activities.(Rohmah et al., 2024)

One example of policy that can be taken is through Law Number 23 of 2014 concerning Regional Government. This law grants authority to regional governments to regulate and develop the economic sector, including Shariah-based grassroots economy, in accordance with the potentials and characteristics of their respective regions. Regional governments can formulate regional regulations and programs that support the growth of Shariah-based grassroots economy in their areas.

From the perspective of dignified justice theory, the implementation of Shariah-based grassroots economy in Indonesia must ensure that all layers of society have equal opportunities to achieve welfare and dignity. Therefore, policies and programs implemented must consider principles of justice, balance, and public welfare for all citizens, without distinguishing social, economic, or other identities.(Rahmiyanti & Achiria, 2018)

Thus, the practical implementation of the concept of Shariah-based people's economy within the perspective of dignified justice theory in Indonesia requires coordinated efforts involving various stakeholders. Through the formulation of appropriate policies and regulations, the development of adequate infrastructure, the enhancement of human resource capacity, and active participation from all parties, this concept can be realized effectively and yield positive impacts.

#### **4. Conclusion**

The concept of Sharia-based people's economy is understood and interpreted in the perspective of the theory of dignified justice as an effort to realize a fair, balanced, and prioritizing system of economics for the benefit of all layers of society by integrating Islamic Sharia principles such as justice ('adl), balance (tawazun), benefit (maslahah), and social responsibility (mas'uliyah ijtima'iyah) into the spirit of democracy that involves active participation of the community in productive economic activities. This concept aims to create comprehensive justice, covering economic, spiritual, social, and environmental dimensions, so that all layers of society have equal opportunities to achieve prosperity and dignified status.

The practical implementation of the concept of Sharia-based people's economy from the perspective of the theory of dignified justice in Indonesia can be realized through a comprehensive approach involving the formulation of supportive policies and regulations such as the improvement of Cooperative Law and Sharia Banking Law, development of adequate infrastructure, enhancement of human resources capacity through education and training in Sharia finance and entrepreneurship, active participation of all stakeholders such as Islamic financial institutions, businesses, and the wider community, as well as the government's role in creating a conducive environment through fiscal incentives, infrastructure provision, and supervision of Sharia compliance while still adhering to the principles of justice, balance, and benefit for all layers of society in accordance with the spirit of democracy.

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