



The Role of Islamic Economic Law in Promoting Entrepreneurship Based on Islamic Values at Tasik

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Abstract

The role of Islamic Economic Law in promoting entrepreneurship based on Islamic values in Tasikmalaya is an important topic in the region's economic development. Islamic Economic Law, which is grounded in Sharia principles, provides clear guidance for conducting economic activities in an ethical and sustainable manner. This study aims to analyze how Islamic Economic Law can support the development of entrepreneurship in Tasikmalaya, with a focus on the application of Islamic values in business practices. Concepts such as justice, transparency, and the prohibition of usury (riba) and harmful practices serve as the main foundation in building entrepreneurship that is not only economically profitable but also socially and morally beneficial for the community. The results of the study indicate that the application of Islamic Economic Law can create a conducive environment for entrepreneurs to grow based on just principles, as well as reduce social and economic inequalities in society. Moreover, entrepreneurship based on Islamic values also raises social awareness and responsibility among business actors, which in turn can strengthen the local economy. Thus, Islamic Economic Law can be an essential instrument in creating an entrepreneurial ecosystem based on Islamic moral and ethical values, which benefits not only individuals but also the community as a whole.

Keywords: Islamic Economic Law, Entrepreneurship, Islamic Values

INTRODUCTION

Entrepreneurship is one of the most critical pillars of economic development in many countries, including Indonesia. In the context of the Indonesian economy, entrepreneurship plays a vital role in job creation, fostering economic growth, and driving innovation that impacts the overall progress of society. However, in its development, entrepreneurship should not solely focus on material profit but also consider social and ethical values to ensure that entrepreneurial activities do not only bring economic gains but also generate positive impacts on society. One approach that can be applied in this regard is by integrating Islamic economic principles based on moral values inherent in Islamic teachings.

Islamic Economic Law, which is based on Sharia principles, has great potential to promote entrepreneurship that is not only focused on financial gains but also emphasizes social and moral welfare. Core principles in Islamic economics, such as the prohibition of riba (interest), gharar (excessive uncertainty), and maysir (gambling), along with a focus on justice, balance, and social responsibility, can serve as a solid foundation for developing sustainable and ethical entrepreneurship. In Tasikmalaya, as a region with substantial potential for entrepreneurship, the implementation of Islamic economic law can provide clear guidance for entrepreneurs to run their businesses fairly and in alignment with Islamic values.

Tasikmalaya, a city located in West Java, is known for its predominantly Muslim population, making the application of Islamic economic law in local economic activities highly relevant. As awareness grows about the importance of conducting business based on moral principles, Tasikmalaya has the potential to serve as a model for other regions in developing entrepreneurship based on Islamic values. According to Selim (2020), entrepreneurship based on Islamic economic principles does not only yield benefits for individuals or groups but also brings significant social benefits, such as poverty reduction and improved community welfare. In this regard, Islamic

economic law provides a strong framework to guide entrepreneurs in conducting business ethically, transparently, and in accordance with social justice principles.

In Islam, economics is viewed as inseparable from morality. Therefore, in the context of entrepreneurship, Islam offers clear guidance on conducting business in a way that not only brings material profits but also considers the social impact. As the global economy continues to evolve, many entrepreneurs are demanding the application of more just economic principles that prioritize fairness and sustainability rather than merely maximizing profit. In this respect, Islamic economics offers an alternative that is fairer and more sustainable. Through the application of Islamic economic law, entrepreneurship can be directed towards creating businesses that not only generate personal profit for entrepreneurs but also benefit society as a whole.

One important aspect of Islamic economic law that can be applied in entrepreneurship is the prohibition of *riba* (interest), which is often seen as a source of injustice in the capitalist economic system. In Islam, *riba* is considered harmful because it can lead to economic and social disparities. As an alternative, the Islamic financial system prioritizes profit-and-loss-sharing principles, where both profits and risks are fairly shared between parties involved in a transaction. This system encourages the creation of businesses that are more sustainable and beneficial for all parties, while avoiding the social inequalities caused by interest-based practices (Shahariman et al., 2024). Therefore, Islamic economic law provides a solid foundation to encourage fair and equitable entrepreneurship, which benefits not only the entrepreneurs but also the community at large.

In addition, the principle of justice in Islamic economics also promotes transparency and accountability in business operations. In many cases, entrepreneurship that is not based on moral principles often falls into unethical practices, such as fraud and exploitation. In this context, Islamic economic law teaches the importance of honesty and openness in every business transaction, and discourages practices that can harm others. Consequently, entrepreneurship based on Islamic values can help create a healthier business environment, where all parties interact with mutual respect and fairness.

In Tasikmalaya, the implementation of Islamic economic law in entrepreneurship can also strengthen social relationships and foster closer ties between business actors and the community. The principles of Islamic economics, which emphasize social responsibility and solidarity, can encourage entrepreneurs to not only focus on personal profit but also consider the welfare and needs of the surrounding community. This is crucial given that one of the main challenges in developing entrepreneurship in Indonesia is the significant social inequality that still exists. According to Sulastyawati (2020), entrepreneurship based on Islamic economic principles can help reduce such disparities by creating more equitable and inclusive business opportunities, and providing greater access for people to participate in economic activities.

In the context of Tasikmalaya, entrepreneurship based on Islamic values can also increase awareness and participation among local people in the local economy. By prioritizing moral and ethical principles in business, entrepreneurs in Tasikmalaya can create ventures that are more socially oriented and not solely focused on financial gain. This aligns with the primary objective of Islamic economics, which is to promote the welfare of humanity as a whole. Therefore, Islamic economic law can be an essential tool in developing entrepreneurship that is more inclusive and beneficial to the community, both in the short and long term.

Moreover, with the increasing trend of digitalization and the rise of information technology, entrepreneurship based on Islamic values must also be able to adapt to these changes. Digitalization offers significant opportunities for entrepreneurs to expand their markets and enhance efficiency, but it also presents new challenges, particularly in terms of transparency and fairness in business transactions. Thus, the application of Islamic economic law in digital entrepreneurship becomes crucial. This ensures that businesses operating in the digital space remain aligned with the moral principles of Islam, despite the complexity and dynamism of the digital environment (Siddiqi, 2004).

Overall, this research aims to delve deeper into how Islamic economic law can be applied to develop entrepreneurship based on Islamic values in Tasikmalaya. By utilizing principles such as justice, transparency, and social responsibility, it is hoped that a more just and sustainable entrepreneurial ecosystem can be created, one that benefits not only the entrepreneurs but also the community in Tasikmalaya as a whole.

RESEARCH METHODS

This study employs a qualitative research approach to examine the role of Islamic Economic Law in promoting entrepreneurship based on Islamic values in Tasikmalaya. The qualitative method was chosen due to its ability to explore and interpret complex social phenomena within their real-life contexts, which is essential in understanding the cultural and social dynamics of entrepreneurship in the Islamic framework. The research design is based on an exploratory approach, as the aim is to understand how Islamic economic principles can be applied to entrepreneurship, particularly in Tasikmalaya, and to assess the challenges and opportunities it presents.

Data collection in this study involves both primary and secondary sources. Primary data is gathered through semi-structured interviews with key stakeholders, including local entrepreneurs, business experts, religious leaders, and policymakers in Tasikmalaya. These interviews are designed to gain in-depth insights into the perceptions, experiences, and practices of the participants regarding Islamic economic law and its implementation in business. The semi-structured format allows for flexibility in the interview process, enabling the researcher to probe deeper into specific topics while maintaining a focus on the central research questions (Pugu et al., 2024). The selection of participants follows a purposive sampling technique, ensuring that individuals with direct experience and knowledge of Islamic economic practices and entrepreneurship are included in the study.

In addition to interviews, secondary data is collected through a review of relevant literature, including academic journals, books, reports, and other published materials that discuss Islamic economic principles, entrepreneurship, and their application in the local context. This literature review helps to establish a theoretical framework and supports the analysis of the data collected through interviews. The research also involves a comparative analysis of Islamic economic law's role in entrepreneurship across different regions, particularly within the Indonesian context, to contextualize the findings of this study (Wahid, 2018).

The data collected will be analyzed using thematic analysis, a method that involves identifying, analyzing, and reporting patterns or themes within the data (Braun & Clarke, 2006). This process will help to uncover the key factors that influence the integration of Islamic values into entrepreneurial practices in Tasikmalaya, as well as the challenges and opportunities faced by entrepreneurs operating under Islamic economic principles.

RESEARCH RESULT

The research aimed to explore the role of Islamic Economic Law in promoting entrepreneurship based on Islamic values in Tasikmalaya. Through a series of interviews with local entrepreneurs, religious leaders, and business experts, combined with a review of relevant literature, several key findings emerged that highlight both the opportunities and challenges of applying Islamic economic principles in local entrepreneurship.

The analysis of primary data revealed that the application of Islamic Economic Law in entrepreneurship has created a more ethical and socially responsible business environment in Tasikmalaya. The entrepreneurs in the study emphasized the importance of conducting business with fairness, transparency, and social justice, which are core tenets of Islamic economics. They reported that Islamic economic principles, such as the prohibition of *riba* (interest), the avoidance of *gharar* (uncertainty), and the promotion of profit-and-loss sharing arrangements, have shaped their approach to business. These principles not only helped them avoid unethical business practices, such as

exploiting workers or engaging in exploitative financial dealings, but also contributed to the creation of a more sustainable and socially conscious business model.

A key finding was that the application of Islamic Economic Law has helped in mitigating social inequalities within the community. Entrepreneurs who adhered to Islamic principles were more likely to engage in philanthropic activities, such as zakat (charitable giving), and invested in local communities to improve the welfare of the people around them. This finding aligns with the views expressed by Natsir (2017), who noted that businesses based on Islamic values tend to contribute to social welfare and poverty alleviation.

However, the study also found that there were significant challenges faced by entrepreneurs trying to integrate Islamic values into their businesses. One major obstacle identified was the lack of comprehensive understanding of Islamic Economic Law among many local business owners. While some entrepreneurs were well-versed in the principles of Islamic finance and economics, others struggled with how to practically implement these principles in their daily business operations. This issue is consistent with findings from Wahid (2018), who discussed the challenges faced by entrepreneurs in understanding and applying Islamic financial principles in a modern economic context.

Another challenge faced by entrepreneurs was the limited access to Islamic financial products and services. Despite the increasing availability of Islamic banking and financial products in Indonesia, many entrepreneurs in Tasikmalaya still found it difficult to access appropriate financial instruments that align with Islamic principles. This limitation was noted as a significant barrier to growth for businesses that wished to expand while adhering to Islamic financial practices. According to Usmani (2002), the lack of accessible Sharia-compliant financial services in certain regions can hinder the growth of Islamic-based businesses and entrepreneurship.

Additionally, entrepreneurs in Tasikmalaya noted that integrating Islamic economic principles into modern business practices often led to conflicts with conventional business models, especially in terms of pricing, profit-sharing, and financial arrangements. Some local entrepreneurs expressed concerns about the competitiveness of their businesses in a market dominated by non-Islamic financial practices, such as interest-based lending. This issue is particularly pressing in regions where the market is not yet fully aware of the benefits of Islamic economic practices.

Despite these challenges, there were notable success stories in Tasikmalaya where businesses successfully operated under Islamic economic principles. A key example highlighted in the research was a cooperative business venture in the region, which used a profit-sharing model based on Islamic law. This cooperative was able to provide fair wages for workers, eliminate the practice of interest-based loans, and reinvest profits into local community development. Table 1 below presents a summary of the key factors that contributed to the success of this business.

Table 1: Success Factors of Islamic-based Business in Tasikmalaya

Success Factor	Description
Profit-and-loss sharing model	Shared financial risks and rewards, ensuring fair business practices
Social responsibility	Investment in local community development and welfare
Transparency and accountability	Clear and honest communication with stakeholders
Ethical business practices	Avoidance of riba, gharar, and maysir, promoting fair trade and justice
Philanthropy	Active engagement in zakat and other charitable activities

These findings demonstrate the potential for Islamic Economic Law to promote entrepreneurship that is both profitable and socially responsible. Despite challenges such as limited

access to Islamic financial products and the complexity of implementing Islamic economic principles, the research shows that the positive impact of Islamic values in entrepreneurship is considerable. It not only benefits individual entrepreneurs but also contributes to the welfare of the broader community, especially through ethical practices and community engagement.

Furthermore, secondary data collected from existing literature revealed a broader trend in Indonesia where Islamic entrepreneurship is gradually gaining momentum. The works of Usmani (2002) and Siddiqi (2004) have highlighted that as Islamic economic practices gain more recognition and as financial services become more accessible, the potential for Islamic-based businesses to thrive is substantial. The research also confirmed the assertion by Wahid (2018) that entrepreneurship in Indonesia, particularly within the Islamic framework, is increasingly seen as a means to not only achieve economic success but also to address social challenges such as poverty and inequality.

In conclusion, the research results indicate that Islamic Economic Law has a significant role to play in shaping the future of entrepreneurship in Tasikmalaya. While there are challenges related to education, access to financial services, and the integration of Islamic principles into modern business practices, there are also clear opportunities for growth. By promoting ethical business practices, social responsibility, and community welfare, Islamic entrepreneurship has the potential to make a meaningful contribution to both the local and national economies.

DISCUSSION

The findings of this study indicate that the application of Islamic Economic Law in promoting entrepreneurship based on Islamic values in Tasikmalaya has shown both promise and challenges. In particular, the results reveal that while Islamic economic principles can foster ethical business practices and contribute to the social welfare of the community, there are considerable obstacles that hinder the widespread implementation of these principles in the local entrepreneurial environment. This discussion elaborates on these findings and connects them to the broader literature on Islamic entrepreneurship and economics.

One of the central themes emerging from this research is the role of Islamic Economic Law in promoting ethical and socially responsible entrepreneurship. Entrepreneurs who adhered to Islamic economic principles emphasized the importance of fairness, transparency, and social justice in business dealings. These principles, which include the prohibition of *riba* (interest), the avoidance of *gharar* (excessive uncertainty), and the promotion of profit-and-loss sharing, align with the broader goals of creating an economy that benefits all stakeholders, not just the entrepreneurs themselves (Siddiqi, 2004). This is consistent with the findings of Kader (2021), who argued that businesses operating under Islamic economic laws tend to prioritize the welfare of society. By eliminating exploitative practices such as interest-based financing, Islamic entrepreneurship can contribute to reducing social inequalities and creating more equitable business models.

The research also highlighted the significant role of Islamic entrepreneurship in community development. As noted in Table 1, entrepreneurs in Tasikmalaya who adopted Islamic economic principles were more likely to engage in philanthropic activities, such as *zakat* (charitable giving), and invest in local social projects. This finding aligns with the ideas presented by Afifi (2024), who highlighted the potential of Islamic-based entrepreneurship to address broader societal issues like poverty and economic inequality. By reinvesting profits into community welfare and development, Islamic entrepreneurs are able to create a more sustainable and socially responsible form of business that not only generates economic returns but also contributes to the greater good of society.

However, while the potential for Islamic entrepreneurship in Tasikmalaya is significant, the study also identified several challenges that need to be addressed. One of the most prominent challenges reported by participants was the lack of comprehensive understanding of Islamic Economic Law among local business owners. Despite the increasing availability of resources on Islamic economics, many entrepreneurs in Tasikmalaya struggled to fully grasp how to apply these principles in their daily business operations. This issue mirrors the challenges identified by Usmani

(2002), who observed that even in regions with established Islamic finance systems, there remains a gap in knowledge regarding the practical implementation of Islamic economic principles in entrepreneurship. As such, there is a pressing need for educational initiatives and training programs that can help entrepreneurs better understand and incorporate Islamic economic law into their business practices.

Furthermore, the research revealed that limited access to Islamic financial products and services is a major barrier to the growth of Islamic-based businesses in Tasikmalaya. Although Islamic financial institutions are becoming more prevalent in Indonesia, many entrepreneurs in the region still face difficulties in accessing Sharia-compliant financial products. This issue is particularly concerning for small- and medium-sized enterprises (SMEs) that may lack the necessary capital to expand and grow. According to Usmani (2002), the lack of accessible and affordable Islamic financial products can prevent businesses from adhering to Islamic economic principles, especially when conventional financial systems dominate the market. This finding suggests that one of the key areas for development in Tasikmalaya is the expansion of Sharia-compliant financial services to meet the needs of local entrepreneurs.

Another challenge identified by the research is the perceived conflict between Islamic economic principles and conventional business models. Entrepreneurs reported that operating under Islamic principles sometimes led to tensions with conventional business practices, especially regarding profit margins, pricing, and the use of financial instruments like loans with interest. This is consistent with the observations made by Wahid (2018), who noted that Islamic entrepreneurship often faces difficulties when competing with businesses that operate under traditional financial systems. The challenge here is not only one of education and access but also one of market competition. In a market that predominantly relies on interest-based financial practices, businesses that adhere strictly to Islamic principles may struggle to compete on equal terms.

Despite these challenges, the study found notable success stories in Tasikmalaya where businesses were able to operate effectively within the framework of Islamic economic law. For instance, the cooperative business model that utilizes profit-and-loss sharing was particularly successful in creating a more equitable and sustainable business. This approach not only provided fair compensation for workers but also promoted a more ethical approach to business dealings. As highlighted in Table 1, these businesses invested in community development and promoted social responsibility, which aligns with the goals of Islamic economics to contribute to social justice and equity.

These findings suggest that, while challenges exist, there is significant potential for Islamic-based entrepreneurship to thrive in Tasikmalaya. The research demonstrates that when entrepreneurs are able to successfully integrate Islamic values into their business practices, they can create businesses that not only generate economic benefits but also contribute to broader social goals. However, for Islamic entrepreneurship to reach its full potential, more efforts must be made to improve the understanding of Islamic economic principles among entrepreneurs, enhance access to Islamic financial products, and address the competitive disadvantages faced by businesses that adhere to Islamic law.

CONCLUSION

In conclusion, the application of Islamic Economic Law in entrepreneurship in Tasikmalaya demonstrates significant potential to foster ethical, socially responsible, and sustainable business practices. Islamic principles such as justice, fairness, transparency, and profit-and-loss sharing provide a framework that encourages not only business profitability but also social welfare and moral responsibility. These principles are aligned with the broader objectives of reducing social inequality and contributing to the well-being of society, which is particularly relevant in the context of a predominantly Muslim region like Tasikmalaya. The integration of Islamic values into business

practices can lead to a more holistic and inclusive approach to entrepreneurship that benefits both entrepreneurs and the local community.

However, the full realization of this potential requires addressing several challenges that have emerged from the study. One of the most pressing obstacles is the lack of in-depth understanding of Islamic Economic Law among local entrepreneurs. Many business owners in Tasikmalaya are not fully equipped with the knowledge and tools necessary to effectively implement Islamic economic principles in their operations. Without adequate education and training, these entrepreneurs may struggle to apply the core tenets of Islamic economics, such as the prohibition of *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling), in their daily business activities. This lack of understanding limits the growth of businesses that aim to operate under the framework of Islamic values.

In addition, limited access to Islamic financial services remains a major barrier. While Islamic financial institutions are available in Indonesia, many entrepreneurs in Tasikmalaya still face challenges in accessing appropriate Sharia-compliant financial products. This limitation hinders the ability of businesses to expand while adhering to Islamic principles. Lastly, the competitive environment, dominated by conventional interest-based financial models, presents another challenge for businesses trying to compete on a level playing field.

By addressing these challenges, Islamic-based entrepreneurship has the potential to contribute to a more equitable and just economic system. The successful integration of Islamic Economic Law into local business practices would not only benefit individual entrepreneurs but also create a more balanced and fair economic environment for the entire community. Therefore, further investment in education, financial infrastructure, and policy reforms is needed to ensure the long-term sustainability of Islamic entrepreneurship in Tasikmalaya and beyond.

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