A CRITICAL ANALYSIS OF ISLAMIC ECONOMIC OPPORTUNITIES AND CHALLENGES IN GLOBALIZATION ERA

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ABSTRACT - Globalization has become the defining process of the present age. The most important aspects of economic globalization are the breaking down of national economic barriers, the international spread of trade, the financial and production activities, and the growing power of transnational corporations and international financial institutions in the process. While the opportunities and benefits of this process have been stressed by its proponents and supporters, recently there has been increasing disillusionment among many policy makers in the developing countries, analysis and academicians as well as community of non-governmental organization (NGO) in both Eastern and Western countries. The reasons for the changing perception of and attitude towards globalization are many. Among others are the lack of tangible benefits to most developing countries from opening their economy despite the well-publicized claims of export and income gains, the economic losses and social dislocation that are being caused to many developing countries by rapid financial, trade and investment liberalization, the growing in equalities of wealth and opportunities a rising from globalization and the perception that environmental, social and cultural problems have been made worse by the working of the global free economy. In this connection, this article analyses the features of Islamic economy system, the nature of economy globalization, the failure of the conventional economy systems in the age of global village and the roles, and challenges of Muslim Ummah to globally implement the Islamic Economy system in the world countries.

Keywords: Islamic Economics, Globalization, Opportunities and Challenges


Kata Kunci: Ekonomi Islam; Globalisasi, Peluang dan Tantangan
INTRODUCTION

The decade of the 1990s is often referred to as the era of globasasi or age of globalization. This is because in this decade many important phenomena have given a new order of the world economy. World economic activity is no longer limited by the geographical, linguistic, cultural and political ideology of a country. On the contrary, the economic system of each country moves openly to the dependence of one another. The world is like a borderless planet and there are many opportunities that each country can take to improve its economic stages and the challenges it faces in changing the world for the benefit of society and the state. In this connection, the author will explore the role that can be played by the Islamic economic system that is superior and bring prosperity in the era of globalization. In addition, the challenges of the Islamic economic system are also analyzed because it is able to survive to overcome the global will, and because it is the conventional material economy that is not able to survive in the flow of globalization (Borhan, 2001).

METHODOLOGY

This research is a library research (library research) with descriptive approach. That is to describe or explain the analysis of Islamic economic Opportunities and challenges in globalizational era. Data collection methods in this study using documentation, then analyzed using inductive, deductive and comparative methods.

ISLAMIC ECONOMICS

Definition of Islamic Economics

Islamic economists provide various definitions regarding Islamic economic science. Among them Muhammad Abdul Mannan states that Islamic economics is the science of social science that examines the economic issues that hold to the value of Islam (Ashraf, 1987). Muhammad Akram Khan defines it as a human al-falah study through the management of the earth's resources based on cooperation and participation (Borhan, 2001; Maulidizen, 2017). Hasanuzzaman defines Islamic economics as a science and the use of Shari'a orders and regulations to protect injustice in the acquisition and use of natural resources for the purpose of fulfilling human satisfaction and allowing them to carry out the responsibility to Allah SWT and society altogether.
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(Maulidizen, 2017). Masudul Alam Choundry interpreted as history, empirical, and theory to analyze human and society's needs based on Islamic values. Muhammad al-Faisal al-Su’ud states that Islamic economics is the science tool (wasilah) used by humans to meet all the needs of individuals and communities in accordance with the Shariah (Salamon, 1982). While Borhan and Maulidizen interpret Islamic economy is an economic system based on monotheism that is superior, modern and international (Borhan, 2001; Maulidizen, 2017). Veithzal Rivai also defines Islamic economics as a science that studies human behavior in an attempt to meet needs with limited fulfillment tools within the framework of Sharia (Veithzal, 2009).

From these various opinions and views it can be concluded that Islamic economics is a science that examines human activities in harmony with Sharia principles, from the point of obtaining wealth and income, using and administering sources of production for the benefit of self and the common good in physical and spiritual form to gain the pleasure of Allah SWT (Surtahman, 1993). In other words Islamic economics is a discipline whose scope of study is the thought of the sources of wealth and income, the use of goods and services, the production activities of goods and services and income to the rightful and worthy according to Islam.

Various definitions mentioned above, there are several important issues that must be considered in Islamic economics. First, the issue with regard to limited but relative production sources of production is not absolute like the conventional economic understanding. Sources of production in the economic sense are labor, capital, land and employers. The relative limited concept that is understood here is that man does not know the blessings and graces that God will give to man in his life in this world. Physically, according to the conventional economic understanding, these sources of production are deficient and inadequate to meet human needs and needs in life (Mannan, 1984). Second, the question of the rules and regulations that lead the economic activity of every Muslim is the divine guidance (Shariah), not the thinking and the human mind as the conventional economic principle (Khan, 1989; Kahf, 1985). Third, the purpose of Islamic economic activity is to achieve al-falafah is a prosperous and happy life and received the pleasure of Allah SWT in the world and the hereafter. The prosperity and happiness that Muslims feel in merial or spiritual form (Ibrahim, 2013). This goal is different from the conventional economic system that only pursues material success in the world without taking into account the way and the right way or wrong.
Value of Islamic Economis

Islamic economists such as Syed Nawab Naqvi states that ethical values in Islamic economics are Tawheed, justice (al-‘adl / equilibrium), freedom of will (free will) and responsible (responsibility) (Naqvi, 1981). These values are guidelines for controlling the Islamic system as a whole. The value of Tawheed means all human actions included in economic activities must be associated with Allah SWT (al-Buraey, 1990). With regard to the second value, he means all human actions must be based on equality and justice established by Islam. The value of freedom of will means that man has the freedom to live his life, but the freedom given is not absolute, but freedom in the environment permitted by Sharia. The fourth ethical value that is responsible, with the intention of human beings have the freedom to run his life, but humans are responsible for all his actions (Kamri, Ramlan, & Ibrahim, 2014).

The four axioms of ethics as described above constitute the foundation of ethical values that have a direct relationship with individual action in economic activity. The signs of individual Muslims can be formulated as follows; (Hassan, 1986)

i. Individual Muslims as economic agents always give consideration to the needs and interests of the community in every economic activity such as consumption, production, investment and etc.

ii. Individual Muslims has self-interest in his economic activities which is one of the driving forces for him to do more. Individual Muslims must also respect the interests of the people. The principle followed is if there is a clash between the interests of the individual and the interests of society, the interests of society should be given priority by it.

iii. Individuals and Islamic societies should all achieve such objectives as meeting the basic needs of every member of society, justice in the distribution of wealth and income among the people, the stability in the state economy and the rapid economic growth of the state.

iv. Individual Muslims will practice perfection in the activity of consumption is not excessive and away from the acts that hinder the economic development of the country, such as waste.

v. Individual Muslims will foster the spirit of cooperation, help to achieve the goals of society in the economy (Ibrahim, 2016). This
principle is relevant for realizing the close relationship between workers and employers, between consumers and producers, between government and people and between investors and employers and etc.

vi. Individual Muslims will earmark a share of their income and wealth to save and invest. His decision to save has a close relationship with investments that will be able to help economic activity rapidly and then grow the economy.

All of the ethical values and principles described above are directly related to binding Islamic values. And then, all economic activities such as consumption, production and investment controlled by Muslims can not escape from those ethical values (Ibrahim, 2015). This approach clearly distinguishes Islamic economic system from conventional economic system.

**Islamic Economic Systems**

Economic life can change from one system to another depending on the government's involvement in the economy and its attitude toward private institutions (Taylor, 1966). Various definitions have also been put forward by Islamic economists regarding the definition of conventional economic system and Islamic economy. Among them Siddiqi said that the economic system is the way or way to guarantee the good of human in general and the economic goodness in particular (Siddiqi, 1981). Muhammad Baqir al-Sadr stated that the economic system is the path chosen to be followed by society in its economic life and use it to solve the problems that occur (Sadr, 1983).

Muhammad Baqir al-Sadr dan Mahmud Abu Su'ud argues that the Islamic economic system should not be contrary to Sharia law which is syumul. Therefore, both argue that Islamic economics is more similar to political economy whose function is legal discovery and analyzing real life in the context of Islamic societies that have practiced Islamic values in their lives. They conclude that such a science can change if the Islamic society is already there (Khursid, 1980; Sadr. 1983). Other Islamic economists also argue that the science of Islamic economics or Islamic economic system relevant to Islamic society will be realized if the economic system that has people who in life is Islamic and an economy and institutions that are based on Islamic law (Siddiqi, 1981).
Islamic economic system based on the provisions of the Qur'an and al-Hadith, contains about the value of brotherhood, love, appreciation of time and togetherness. The Islamic economic system includes; 1) Recognizing the rights of individuals as long as it does not harm the community, 2) Individuals have differences that can be developed based on their respective potentials, 3) the existence of social security from the state to the community, especially in the fulfillment of basic needs, 4) wealth to a small group of people who have more power, 5) Prohibit the practice of stockpiling so as to disrupt the distribution and price stability, 6) Prohibit the practice of asocial (Veithzal, 2009)

**Conventional Economics System**

The conversation in the conventional economic system is more dependent on the capitalist economic system which is practiced by the Western bloc countries and the communist economic system originally practiced by Soviet Unions, China and allied with them, although the practice of the doctrine and principles of the economic system is totally the present poses a problem especially after the end of the cold war era (William, 1970).

The capitalias economic system based on an understanding of liberalism, market freedom, freedom of the game and the freedom of individuals possesses property without any limits (Veithzal, 2009, Jonah, 1964). The capitalist class considers that seeking and developing wealth is the ultimate and ultimate objective by reason of the wealth that bring progress to man in his life. Therefore, groups who have capital and property exploit other classes in seeking wealth. The owner of the capital is given the absolute right to have unlimited possessions (Raana, 1972).

The capitalist economic system has received much criticism from various parties. According to al-Mawdudi, although there has been widespread freedom of individuals, free markets and institutions of interest, but in essence caused much catastrophe in the era of industrial revolution. The legalization of usury institutions has added to the antisocial nature of capitalistic enterprises, leading to the accumulation of wealth to a few individuals. An outrageous emphasis on self-interest and profit-seeking motive has created a society without human nature, fraternity, sympathy and cooperation (al-mawdudi, 1969). Muhammad Abdul Mannan also asserted that this system failed in the full use of human resources and ensured free competition in the
market (Mannan Mahmud Ahmad stated that this system invited many bad circumstances and economic crisis (Mahmud, 1972). The main disadvantage of this system is its failure in the process of distribution of wealth and income. The production of certain goods that many without regard to the needs of society cause the concept of goodness in society can not be realized (Sadr.) Through a fair division system, the gap between the rich and poor can be attached, and the virtues and community satisfaction can be felt (Chawduri, 1974). Furthermore there is a saying that the system created by Western thinkers is not human and far from Islamic values (Qutb, 1966).

While communist and socialist economic systems also have a principle that the way production of goods should not be owned by individuals. Individual and private ownership of the wealth and production of goods should be abolished and owned by the government. In other words all decisions in the economy are left to the government. Individuals and communist societies will become workers and laborers to the government. Despite the decline in Marxist-communist understanding that a government will disappear and society will remain without government, the reality is otherwise. Theoretically also this cadre tried to release human beings from the grip of the capitalists, but essentially this social and economic economic system has put man under the power of a handful of political experts who have absolute power (al-Nawawi, 1959, al-Badri, 1969).

The philosophy of the communist and socialist economic system has been heavily criticized by Islamic writers. Siddiqi, for example, holds that this system is at odds with the basic necessity of the moral and spiritual growth of the person's ultimate person is freedom of choice and action. Ownership of property and freedom of expression within the justified constraints and prioritizing the public interest are considered important in human life. The ownership of the whole source of production is seen not to be parallel to the principle of democracy which is an important feature of the Islamic political system (Siddi, al-Sadr also considers Marx's approach as no less individualistic than capitalism because it is not advisable to deprive the rights and property of the existing classes capitalist). Communist and socialist systems are not implemented in human life because based on historical experience, they are not solving problems but creating new problems, obstructing economic development, resolving irrelevant and realistic economic problems, causing class disagreements to get worse and denying

GLOBALIZATION

The 1990s are often referred to as the age of globalization. This is because in this decade globalization is the most important phenomenon that sparks the new economic order. World economic activity is no longer bound by the geography, language, culture and ideology of a country. On the contrary, the economic system of a country moves more openly and need each other. The world has become a borderless planet with many opportunities and challenges to be utilized and faced by society (Ohmae, 1991). The development of information and communication technology has opened the way to a world without boundaries, transparency, internationalism and others that lead to dramatic competition. It is a process in which the boundaries of countries, including the Islamic state, are collapsing and the whole continent increasingly becoming one unit. In this global unit, the relationship is fast and seamless. This situation is also associated with the rapid development of electronic technology. This unlimited world phenomenon is also said to be "the domestic and international line is irretrievably blurred" or "global village". But from political, social, military and other (other than economic) angles, globalization still persists with the traditional values that its mastery still follows to a country.

The purpose of Globalization

Globalization, liberalization and deregulation pioneered by Western countries aim to increase the flow of international trade and marketing, in particular to raise capital to offset state payments. The next impact is free market and foreign capital investment in a country's economic system without any limitations. From another perspective, globalization is seen as a dominance of Western countries and advanced to a manipulative economy of a country that is a phenomenon called 'new colonialism' which benefits from electronic technology today (Awang, 1999; Khor, 2000).

The Impact of Globalization

Adam Smith in his 1776 classical economics entitled 'The Wealth of Nations' has stated, among other things, the freedom of trade, freedom from tariffs and
taxes, the prohibition of monopolies and other prohibitions issued by the government to producers and traders. The subject of his explanation at that time was free trade and all decisions in the economy were left to the market. However, by the 1960s-1970s in the 20th century, many people realized the need for deregulation, as it did in the United States. The impact of technological change, most industries in the United States no longer act as a monopolist and it is recognized that ‘regulation’ has prevented new industries that are able to offer better services and cheaper production prices to market. Services based on deregulation leading to the era of globalization are more desirable than those based on regulation, eg services in aviation industry in the United States (Sichel & Gardner, 1999)

Between the immediate impact of globalization is the financial crisis and the alarming economic situation afflicting the countries of the world. The economic situation resulting from the full integration of a country's economic system into a global system causes the country to face the impact of capital flight. If this is the case, the country will 'be poor' and will take pains to rebuild its economy or be forced to rely on power or capital provider countries. In addition, the economic downfall of a country also leaves an impact on other countries. As economic analysts often say, the fall of Japan, China and the United States has had an impact on the economies of other countries. Likewise the stability of the Japanese Yen currency is very important to other countries, because Japan is considered as the most important economic ruler in the world (Awang, 1999).

**ISLAMIC ECONOMIC OPPORTUNITY IN GLOBALIZATION ERA**

After explaining the conventional economic system that is particularly problematic in the era of globalization, the economic system that has given rise to macroeconomics that brings deficiency imbalances, inflation, debt burden, unemployment, poverty, hunger, monopoly and divisive community status. The result is a deep gap between the poor and the rich, which bring about an unstable socio-political phenomenon. Therefore, the Islamic economic system based on Tauhid is seen as an alternative in pursuing the state economy. This is in harmony with the development of an Islamic economic system that increasingly looks its superiority. In the era of globalization or the new order of Islamic economic system has a big role so that economic problems can be overcome. Therefore, several strategies can
support the role, prospects and changes of the conventional economic system to the Islamic economic system (Maulidizen, 2017).

Strategies that support the role of Islamic economics in the era of globalization seen from two aspects, namely primary strategy and secondary strategy. The primary strategy refers to the changes made in the economic system to the Islamic economic system and these changes bring about change in all areas such as politics, social, safety and so on. The recommended methods are SWOT strengths, weakness, opportunities and treats) which are considered primary strategies (Sadali, 1999). Strengths refers to the outstanding prototype of Islamic economics versus the conventional economic system such as the equality of opportunity to possess the wealth and capital of the existing economic resources, the equality of individual and community interests, the justice of the distribution of state income and wealth, the prohibition of usury which oppress the businessmen by wealthy capital owners, rejection of negative elements in economic activity such as consumption and production. The Islamic economic system that is appropriate for all circumstances, places and times is definitely accepted as a healthy world economic system and this is where the weakness of the outdated conventional economic system. This system of human thought creation is seen as a priority for developed countries and gives birth to a vast gulf between rich countries and poor countries and the result of imbalances in the world economy occurs. This is the weakness resulting from the implementation of conventional economic systems in the countries of today's world (Maulidizen: 2018).

The third strategy is the opportunity (opportunity) to the Islamic economic system to replace the conventional economic system in the era of globalization. Islamic countries that are generating the growth of the Islamic economic system play a major role in seizing this golden opportunity for the system to be accepted by all countries of the world. Opportunities are also linked to the ownership of each country's production sources such as natural resources, labor, technology, science, stability and the like proves that the Islamic economic system has the potential to be an alternative to the existing economic system.

The fourth strategy is the threats that will be faced in the process of implementing the Islamic economic system in the countries of the world. Therefore, the parties concerned must demonstrate the superiority of the
Islamic economic system in comparison with the conventional economic system of the austerity principle, to the culture of debt, to the culture of competition, to forbid the usury system, the sharing of profit and loss in the Islamic banking and finance system and so forth. If this strategy succeeds then the Islamic economic system can be accepted by the countries of the world in their economic life especially in the era of globalization (Borhan, 2001)

**ISLAMIC ECONOMIC CHALLENGE IN GLOBALIZATION ERA**

Some of the challenges that need to be overcome to achieve the goal that the Islamic economy can bring changes in the world economic system based on Sharia principles in the era of globalization. Although there are those who doubt the ability of Islamic economics to be an alternative and at the same time replace the conventional economic system practiced in most countries, but once the success of implementing Sharia principles in the practice of banking and financial system in many countries including non-Islamic countries will be the originator in that direction (Maulidizen, 2017)

The approach towards implementing the Islamic economic system in a predominantly Muslim country is also a challenge in achieving an optimal role. It is recommended that states deal with implementing the same system that will be modeled for non-Islamic countries to implement it. This is regarded as an overall challenge because it requires commitment and sincerity from all countries to implement a superior Islamic economic system.

In this era of globalization, the competition to become one of the rulers of the world economy is often associated with the mastery of science in the field of science, advances in information technology, research, defense, international trade networks and so forth. Many verses of the Qur'an and Hadith of the Prophet Muhammad s.a.w that advise Muslims to rule and equip themselves with the science. Among the verses of the Qur'an are:

"Or are you worshipers in the night when you prostrate and stand, while they are afraid of the Hereafter and expect the mercy of their Lord? Say: "Are there any who know with men people who do not know? "Verily those who speak the lesson that can receive the lesson". (Al-Zumar 39:9)
Through various approaches in the implementation of Islamic economic system, this system will be able to play an important role in the era of globalization without limitation. This is in accordance with the word of Allah SWT: "when shalat is fulfilled, And ye are scattered abroad in the earth: and seek the grace of God, and remember Allah many things that ye may prosper" (Al-Jumuah 62:10)

The next challenge faced by Muslims including in Indonesia now is to take the opportunity of the era of globalization. From the economic aspect, countries should not shut the door of world economic markets because if the commodity market of a country is too small, its economy will be hindered and undeveloped. Nevertheless, nations escape from the stranglehold of the advanced Eastern bloc countries and the Western bloc and build relationships between Islamic countries in various aspects including economies such as building relationships with Islamic countries belonging to the OIC state and its (Khursid, 1981).

Muslims in Indonesia must take advantage of this era of globalization by seeking new opportunities in the market of state products in order to compete in the international market. In addition, Muslims must also make a way to eliminate the paradigm in order to become human beings who are respected and respected by other countries through the achievement in the field of economics, science and technology as well as comprehending Shariah comprehensively in all aspects of life and state.

Another challenge that is seen as unhealthy and can be a barrier to the revival of the Islamic economic system is the impacts of the conventional economic system. Among the impacts are uneven economic development, unhealthy competition, inflation, deflation, debt burden from within and outside the country and monopoly. The above problems will be described as the weaknesses of the Islamic economic system implemented by the respective countries

CONCLUSIONS

From the above explanation we can conclude that the Islamic economic system is an economic system based on monotheism that is superior, modern and international. This economic system is seen as an alternative to replace the conventional economic system that is practiced by most countries in the world today. In today's era of globalization, the Islamic economic system is
seen to have a significant role to be accepted by all countries in the world to replace the conventional economic system that acknowledged failed to handle global economic problems, multilateral, bilateral, international and international

REFERENCES

Al-Quran


