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Beyond Growth and Charity: Reconstructing Islamic Economic Ethics through Welfare, Distributive Justice, and Social Responsibility

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Abstract
Contemporary Islamic economics is frequently evaluated through financial growth, market expansion, Sharia compliance, and charitable distribution, yet these indicators do not adequately demonstrate whether economic institutions improve human welfare, reduce structural inequality, or fulfil broader social and environmental responsibilities. This study aims to reconstruct Islamic economic ethics by integrating multidimensional welfare, distributive justice, and institutional social responsibility within a unified analytical framework. It employs a qualitative document-based design combining content analysis, reflexive thematic analysis, normative-hermeneutical interpretation, and conceptual reconstruction. Foundational and contemporary scholarship on Islamic Moral Economy, maqāṣid al-sharīʿah*, the capability approach, distributive justice, and corporate responsibility, as well as international development reports and institutional frameworks on Islamic social finance and sustainability. The findings show, first, that financial growth and formal Sharia compliance are necessary but insufficient measures of Islamic economic success. Second, welfare should be understood as the substantive capability to attain health, knowledge, security, dignity, participation, moral agency, and resilience. Third, zakat, waqf, charitable transfers, and debt relief remain essential but cannot replace structural reforms addressing unequal wages, concentrated ownership, asymmetrical bargaining power, and uneven exposure to economic and ecological risks. Fourth, social responsibility must be institutionalized through differentiated obligations, transparent governance, impact assessment, stakeholder participation, and access to remedy. The study contributes an Integrated Islamic Economic Ethics Framework that connects ethical economic activity, multidimensional welfare, structural distributive justice, institutional responsibility, and impact verification, thereby strengthening Islamic Moral Economy as a future-oriented framework for sustainable development and accountable governance.*

Keywords: *Islamic Moral Economy, Maqāṣid al-Sharīʿah, Multidimensional Welfare, Distributive Justice, Institutional Social Responsibility*

INTRODUCTION

The contemporary global economy has generated unprecedented productive capacity, technological innovation, and financial integration, yet these achievements have not produced correspondingly equitable, secure, or ecologically sustainable forms of human development. Economic growth continues to dominate national development strategies and institutional performance measurement, even though aggregate expansion frequently coexists with persistent poverty, concentrated wealth, precarious employment, weakened social protection, and unequal exposure to climatic and economic shocks. Nearly 700 million people remain in extreme poverty, while approximately 3.5 billion live below the poverty threshold considered relevant to upper-middle-income economies. Such conditions demonstrate that average income growth is an inadequate measure of development when access to resources, opportunities, public services, and protection from shocks remains profoundly unequal.[1] The central problem of development is therefore not merely how much an economy produces, but how its institutions distribute benefits, burdens, capabilities, power, and responsibility across social groups and generations.

The limited progress toward the Sustainable Development Goals intensifies this problem. Only 35 per cent of assessable targets were on track or showing moderate progress in 2025; almost half were advancing too slowly, while 18 per cent had regressed from their 2015 baselines.[2] The 2026 assessment further identified armed conflict, economic deceleration, climate change, debt pressures, and declining development assistance as major constraints on the 2030 Agenda.[3] These conditions reveal that sustainable development cannot be secured through economic expansion detached from social protection, distributive justice, ecological limits, and accountable governance. They also raise a fundamental ethical question: what makes an economic order morally legitimate when growth improves aggregate indicators while vulnerable populations remain exposed to deprivation, insecurity, political exclusion, and environmental harm?

This question is particularly significant for Islamic and Islamicate studies because Islamic intellectual traditions do not conceptualize the economy as an autonomous sphere governed exclusively by utility, efficiency, or capital accumulation. Production, exchange, consumption, ownership, and finance are situated within a moral order structured by justice (*ʿadl*), beneficence (*iḥsān*), welfare (*maṣlaḥah*), dignity (*karāmah*), trust (*amānah*), and social accountability. The Qur'anic objection to wealth circulating exclusively among the affluent, its condemnation of fraudulent exchange and acquisitive rivalry, and its insistence on obligations toward vulnerable groups indicate that economic legitimacy cannot be reduced to contractual validity.[4] Property is recognized but morally bounded; exchange is permitted but ethically regulated; and economic freedom is

[1] World Bank, "Poverty, Prosperity, and Planet Report 2024: Pathways Out of the Polycrisis" (Washington, DC: World Bank, 2024), https://www.worldbank.org/en/publication/poverty-prosperity-and-planet.

[2] United Nations Department of Economic and Social Affairs (UN DESA), *The Sustainable Development Goals Report 2025* (New York: United Nations, 2025), https://unstats.un.org/sdgs/report/2025/

[3] United Nations Department of Economic and Social Affairs (UN DESA), *The Sustainable Development Goals Report 2026* (New York: United Nations, 2026), https://unstats.un.org/sdgs/report/2026/.

[4] M A S Abdel Haleem, *The Qur'an: A New Translation* (Oxford University Press, 2004), https://global.oup.com/academic/product/the-quran-9780199535958.

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accompanied by responsibilities toward society and the conditions sustaining collective life.

Islamic Moral Economy emerged as an attempt to translate this normative orientation into an alternative conception of economic order. It presents economic relations as morally embedded and evaluates institutions according to justice, equity, social responsibility, shared prosperity, and the prevention of excessive wealth concentration.[5] Unlike capitalism's prioritization of private accumulation or socialism's tendency toward material and state-centred analysis, Islamic Moral Economy integrates material development with spiritual, ethical, and social purposes.[6] Its significance lies not in claiming an inherently virtuous Islamic market, but in providing criteria through which economic practices conducted under Islamic authority can be critically evaluated.

Modern Islamic economics developed partly through this critique, seeking an economic order grounded in human welfare, social justice, and morally constrained ownership. Chapra argues that development viewed through *maqāṣid al-sharīʿah* must protect and advance faith, life, intellect, posterity, and wealth rather than treating income growth as its exclusive objective.[7] The concept of *maṣlaḥah* similarly requires development to promote welfare and relieve hardship rather than merely enlarge markets or financial assets.[8] From this perspective, economic activity becomes legitimate when it contributes to holistic human flourishing and prevents avoidable harm.

Nevertheless, the institutional development of Islamic economics has increasingly centred on banking, financial engineering, regulatory recognition, and the expansion of Sharia-compliant markets. This shift has generated a persistent tension between the transformative aspirations of Islamic economics and the commercial orientation of Islamic finance. Asutay describes this tension as the displacement of the socially embedded *homo Islamicus* by the profit-oriented *homo economicus*.[9] More recently, Asutay argues that Islamic finance has substantially absorbed the institutional logic of conventional finance and must recover the substantive commitments of Islamic Moral Economy, including

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[5] Z Karaçor and M Ustaoğlu, "Findings and Conclusion," in *Balancing Islamic and Conventional Banking for Economic Growth: Empirical Evidence from Emerging Economies*, 2017, 119–23, https://doi.org/10.1007/978-3-319-59554-2_8; Shafiullah Jan and Mehmet Asutay, "A Model for Islamic Development: An Approach in Islamic Moral Economy," *A Model for Islamic Development: An Approach in Islamic Moral Economy*, 2019, https://doi.org/10.4337/9781788116732; S Alfaihani, "Linking Islamic Moral Economics and Circular Economy: A Pathway to Sustainability," in *2024 International Conference on Sustainable Islamic Business and Finance, SIBF 2024*, 2024, 197–204, https://doi.org/10.1109/SIBF63788.2024.10883876; M A Ahsan et al., "The Challenges of Islamic Moral Economy in the Contemporary Social Context of Bangladesh," *Journal of Islamic Thought and Civilization* 15, no. 2 (2025): 56–71, https://doi.org/10.32350/JITC.152.04.

[6] Jan and Asutay, "A Model Islam. Dev. An Approach Islam. Moral Econ."; Alfaihani, "Linking Islamic Moral Economics and Circular Economy: A Pathway to Sustainability."

[7] M Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid Al-Shariah* (London: International Institute of Islamic Thought, 2008).

[8] P Ibrahim, S A Basir, and A A Rahman, "Sustainable Economic Development: Concept, Principles and Management from Islamic Perspective," *European Journal of Social Sciences* 24, no. 3 (2011): 330–38, https://www.scopus.com/inward/record.uri?eid=2-s2.0-80054773456&partnerID=40&md5=ddd18cd1e96e32e5e04ac842fe052410; M A Choudhury et al., "A Relational Well-Being (Maslaha) Index of Gender Development in Socio-Economic Development Sustainability," in *Economic Empowerment of Women in the Islamic World: Theory and Practice*, 2020, 167–90, https://doi.org/10.1142/9789811212154_0009.

[9] Mehmet Asutay, "Conceptualisation of the Second-Best Solution in Overcoming the Social Failure of Islamic Banking and Finance: Examining the Overpowering of Homo Islamicus by Homo Economicus," *International Journal of Economics, Management and Accounting* 15, no. 2 (2007): 167–95, https://doi.org/10.31436/ijema.v15i2.134.

mutuality, solidarity, accessibility, redistribution, de-financialization, and ecological responsibility.[10] Avdukic and Asutay accordingly evaluate Islamic banking through human development and income distribution rather than treating religious identity or contractual compliance as sufficient evidence of ethical performance.[11]

A second research trajectory connects Islamic economics with sustainable development. It examines Islamic banking, green *sukuk*, ethical investment, zakat, waqf, *ṣadaqah*, and *qarḍ ḥasan* as instruments for poverty reduction, financial inclusion, environmental financing, and the Sustainable Development Goals. This scholarship identifies substantial normative correspondence between Islamic social finance and development objectives, especially in poverty alleviation, health, education, and community welfare.[12] Studies of the Islamic gift economy similarly show how redistributive institutions may contribute to economic, social, and environmental sustainability at the local level. More recent work extends this discussion to circular resource use, green-economy principles, stewardship, environmental preservation, and responsible consumption.[13]

These studies have broadened Islamic economic scholarship beyond banking and contractual jurisprudence. Yet sustainable development is still frequently treated as a new market segment rather than an ethical standard capable of interrogating the structures and incentives of Islamic finance itself. The addition of green products does not necessarily change patterns of ownership, labour exploitation, financial exclusion, excessive consumption, or risk transfer. An instrument may be contractually compliant and environmentally labelled while its benefits remain concentrated, its social costs externalized, or affected communities excluded from decision-making. Sustainability must therefore be examined as a distributive and institutional question rather than merely a financing opportunity.

A third trajectory employs *maqāṣid al-sharīʿah* to conceptualize welfare and organizational responsibility. This literature establishes that economic performance should protect life, intellect, family, faith, wealth, and broader public interests.[14] It has also contributed to Islamic corporate-social-responsibility models

[10] M Asutay, "Islamic Moral Economy: Bringing Back Substantive Morality to Humanise Islamic Finance," *Global Policy* 16, no. S1 (2025): 7–11, https://doi.org/10.1111/1758-5899.13487.

[11] A Avdukic and M Asutay, "Testing the Development Impact of Islamic Banking: Islamic Moral Economy Approach to Development," *Economic Systems* 49, no. 2 (2025), https://doi.org/10.1016/j.ecosys.2024.101229.

[12] K A Dirie, M M Alam, and S Maamor, "Islamic Social Finance for Achieving Sustainable Development Goals: A Systematic Literature Review and Future Research Agenda," *International Journal of Ethics and Systems* 40, no. 4 (2024): 676–98, https://doi.org/10.1108/IJOES-12-2022-0317.

[13] Alfaihani, "Linking Islamic Moral Economics and Circular Economy: A Pathway to Sustainability"; S Shovkhalov, "Islamic Economic Principles and Their Contributions to Ecological Sustainability and Green Economy Development," in *E3S Web of Conferences*, vol. 541, 2024, https://doi.org/10.1051/e3sconf/202454104009; K Ahmad and D A Berghout, *Islamic Finance and Sustainable Development: Balancing Spirituality, Values and Profit*, *Islamic Finance and Sustainable Development: Balancing Spirituality, Values and Profit*, 2025, https://doi.org/10.4324/9781003505570; D Bonang et al., "Islamic Worldview and the Green Economy: A Philosophical Nexus for Sustainability and Equity," *International Journal of Ethics and Systems*, 2026, 1–25, https://doi.org/10.1108/IJOES-01-2025-0047.

[14] Ibrahim, Basir, and Rahman, "Sustainable Economic Development: Concept, Principles and Management from Islamic Perspective"; Choudhury et al., "A Relational Well-Being (Maslaha) Index of Gender Development in Socio-Economic Development Sustainability"; S Arsad et al., "Ownership Structure and Islamic Corporate Social Responsibility Disclosure: Empirical Evidence from the Shari'ah Compliant Companies in Malaysia," *International Journal of Innovation, Creativity and Change* 11, no. 12 (2020): 26–42, https://www.scopus.com/inward/record.uri?eid=2-s2.0-85083057745&partnerID=40&md5=d735bfc02d616002072ff7f99020701d.

in which workplace practices, environmental conduct, market behaviour, and community relations are evaluated through *maṣlaḥah* and social accountability.[15] Islamic banking is consequently understood not simply as a mechanism for avoiding prohibited transactions but as an institution responsible for stakeholder development, social justice, and extended governance.[16]

However, two limitations remain. First, welfare is often invoked without specifying how resources are transformed into actual human well-being. Associating a financial product with the protection of wealth or life does not establish who benefits, whose agency is expanded, or whose vulnerabilities deepen. Sen's capability approach addresses this limitation by distinguishing resources from the substantive freedoms people possess to achieve lives they have reason to value.[17] Bringing capabilities into dialogue with *maqāṣid al-sharīʿah* enables welfare to be assessed through health, knowledge, security, participation, dignity, agency, and ecological resilience rather than presumed from income, consumption, or religious certification.

Second, justice is frequently confined to charitable redistribution after market-generated inequalities have occurred. Zakat and waqf are indispensable mechanisms for protecting vulnerable groups and preventing the exclusive circulation of wealth.[18] Yet charity cannot determine whether wages are fair, productive assets are accessible, environmental burdens are equitably distributed, or financial risks are transferred to those least able to bear them. Likewise, corporate philanthropy cannot compensate for exploitative labour, environmental damage, tax avoidance, or exclusionary governance. Islamic ethical values such as *ʿadl*, *iḥsān*, and *khilāfah* must therefore govern the production and initial distribution of economic outcomes, not merely their subsequent charitable correction.[19]

Existing debates consequently remain fragmented. Islamic development scholarship foregrounds welfare: financial research concentrates on products and compliance; social-finance studies emphasize redistribution; and sustainability scholarship focuses on green instruments and financing gaps. What remains underdeveloped is an integrated account of how welfare, distributive justice, and social responsibility should jointly structure the purposes and evaluation of an Islamic economy.

This study therefore asks: how are welfare, distributive justice, and social responsibility conceptualized in contemporary Islamic economic and sustainable-development scholarship? What limitations emerge when Islamic economic development is organized primarily around growth, formal Sharia compliance, and

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[15] Asyraf Wajdi Dusuki and Nurdianawati Irwani Abdullah, "Maqasid Al-Shariah, Maslahah, and Corporate Social Responsibility," *American Journal of Islamic Social Sciences* 24, no. 1 (2007): 25–45; A Mohd et al., "Child Labor under Islamic Law (The Shari'ah): An Overview," *Al-Shajarah* 23, no. 2 (2018): 295–314, https://www.scopus.com/inward/record.uri?eid=2-s2.0-85059675101&partnerID=40&md5=15f0fc8a146c4d59b6be38bbd75d0cd9; Arsad et al., "Ownership Structure and Islamic Corporate Social Responsibility Disclosure: Empirical Evidence from the Shari'ah Compliant Companies in Malaysia."

[16] Avdukic and Asutay, "Testing the Development Impact of Islamic Banking: Islamic Moral Economy Approach to Development"; F K H Al-Khalidi and A Al-Shiha, "Business Ethics Reimagined: Islamic Social Responsibility in the Digital Age," in *Studies in Systems, Decision and Control*, vol. 656, 2026, 319–38, https://doi.org/10.1007/978-3-032-15459-0_19.

[17] Amartya Sen, *Development as Freedom* (New York: Alfred A. Knopf, 1999).

[18] Karaçor and Ustaoğlu, "Findings and Conclusion"; Avdukic and Asutay, "Testing the Development Impact of Islamic Banking: Islamic Moral Economy Approach to Development."

[19] Al-Khalidi and Al-Shiha, "Business Ethics Reimagined: Islamic Social Responsibility in the Digital Age."

charitable redistribution? How can Islamic Moral Economy be reconstructed as an integrated framework connecting multidimensional welfare, structural distributive justice, institutional accountability, and ecological sustainability?

The article aims to critically synthesize these debates, identify the limitations of growth-centred and charity-centred models, and develop an integrated Islamic economic ethics framework. Islamic Moral Economy provides the overarching critique of economically autonomous and profit-dominated institutions; *maqāṣid al-sharīʿah* identifies the normative purposes of economic action; and the capability approach evaluates whether those purposes become substantive freedoms and opportunities. Distributive justice is extended from transfers to the institutional allocation of assets, opportunities, risks, and environmental burdens, while social responsibility is reconstructed as a differentiated obligation of individuals, corporations, financial institutions, religious organizations, and states.

The article's novelty lies in shifting Islamic economic ethics from the permissibility of transactions and the compensatory role of charity toward the ethical design and evaluation of institutions. Growth remains valuable, but its legitimacy depends on its welfare, distributive, and ecological consequences. Charity remains essential, but it cannot substitute for fair economic structures. By connecting Islamic moral reasoning with capabilities, structural distribution, and institutional responsibility, the study advances debates in Islamic economics, Islamicate ethics, religious studies, and sustainable-development scholarship concerning how productivity can be reconciled with justice, human flourishing, accountability, and ecological continuity.

METHOD

This study employed a qualitative document-based design to examine how welfare, distributive justice, and social responsibility are conceptualized and institutionalized within contemporary Islamic economic ethics. The design was selected because the study sought to interpret normative arguments, ethical concepts, institutional frameworks, and documented socioeconomic conditions rather than establish causal relationships among measurable variables. Qualitative inquiry is appropriate for investigating meanings, conceptual tensions, and socially situated constructions within textual materials.[20]

The analysis combined qualitative content analysis, reflexive thematic analysis, normative-hermeneutical interpretation, and conceptual reconstruction. Qualitative content analysis was used to identify recurring concepts, institutional assumptions, evaluative standards, and contradictions across the documentary corpus. Following Krippendorff, documents were treated as context-dependent forms of communication produced for specific scholarly, regulatory, financial, and policy purposes.[21] Reflexive thematic analysis subsequently organized the coded materials into coherent patterns of meaning, recognizing that themes were developed through theoretically informed interpretation rather than mechanically extracted from texts.[22] Normative-hermeneutical analysis was used to relate

[20] John W Creswell and Cheryl N Poth, *Qualitative Inquiry and Research Design: Choosing Among Five Approaches*, 4th ed. (Sage, 2018).

[21] Klaus Krippendorff, *Content Analysis: An Introduction to Its Methodology* (Sage Publications, 2018).

[22] V Braun and V Clarke, "One Size Fits All? What Counts as Quality Practice in Reflexive Thematic Analysis?," *Qualitative Research in Psychology* 18, no. 3 (2021): 328–52, https://doi.org/10.1080/14780887.2020.1769238.

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Islamic ethical principles to contemporary economic institutions, while conceptual reconstruction supported the development of an integrated Islamic economic ethics framework.

The documentary corpus was assembled through purposive and criterion-based selection. It comprised four categories of sources. Foundational and contemporary scholarship on Islamic Moral Economy, *maqāṣid al-sharīʿah*, the capability approach, distributive justice, and corporate responsibility provided the theoretical framework.[23] International reports issued by the World Bank, International Labour Organization, United Nations, and ICD–LSEG supplied evidence on poverty, social protection, sustainable-development performance, climate vulnerability, and Islamic financial growth, institutional frameworks concerning zakat, waqf, green finance, and Islamic social finance were examined to assess how Islamic ethical principles were translated into governance and sustainability programmes.

Documents were included when they directly addressed welfare, growth, justice, responsibility, poverty, Islamic finance, social finance, or sustainability; possessed identifiable scholarly or institutional authority; and contained substantive normative, conceptual, empirical, or policy evidence. Promotional materials, anonymous online sources, unverifiable statistical claims, and documents unrelated to the research questions were excluded. The unit of analysis was a meaningful textual segment containing an ethical proposition, conceptual definition, empirical claim, institutional objective, or policy recommendation.

The analysis proceeded through five stages: document familiarization, first-cycle coding, category development, thematic construction, and theoretical interpretation. Both deductive and inductive coding were applied. Deductive codes were derived from Islamic Moral Economy, *maqāṣid al-sharīʿah*, capability theory, distributive justice, and institutional responsibility. Inductive codes captured recurring tensions such as growth without demonstrated welfare impact, philanthropic substitution, Sharia-washing, ecological risk, and fragmented accountability. Following Saldaña, related codes were consolidated into higher-order categories.[24] Four final themes were developed: the ethical limits of growth and formal Sharia compliance, welfare as multidimensional capability, structural distributive justice beyond charity, and institutionalized social responsibility.

Trustworthiness was strengthened through source triangulation, theoretical triangulation, an explicit audit trail, negative-case analysis, and differentiation among normative, empirical, conceptual, and policy evidence. The study did not infer causality from documentary correlations. Its conclusions are therefore conceptual and normative rather than econometric. As a document-based study, it cannot fully capture the lived experiences of beneficiaries or institutional actors. Future research should test the proposed framework through interviews, comparative case studies, surveys, institutional ethnography, and quantitative impact evaluation.

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[23] Asutay, "Conceptualisation of the Second-Best Solution in Overcoming the Social Failure of Islamic Banking and Finance: Examining the Overpowering of Homo Islamicus by Homo Economicus"; Amartya Sen, *Inequality Reexamined* (Harvard University Press, 1992); Asyraf Wajdi Dusuki and Abdulazeem Abozaid, "A Critical Appraisal on the Challenges of Realizing Maqasid Al-Shariah in Islamic Banking and Finance," *IIUM Journal of Economics and Management* 15, no. 2 (2007): 143–65; Jasser Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law* (London: IIIT, 2008); Chapra, *The Islamic Vision of Development in the Light of Maqasid Al-Shariah*.

[24] Johnny Saldaña, *The Coding Manual for Qualitative Researchers* (Sage, 2021).

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RESULTS AND DISCUSSION

Reassessing Growth and Sharia Compliance as Measures of Islamic Economic Success

The principal finding of this study is that the expansion of Islamic finance and the formal Sharia compliance of its products, although economically and jurisprudentially significant, do not by themselves demonstrate that Islamic economic institutions have fulfilled their normative responsibilities. The documentary evidence reveals a persistent gap between the indicators used to describe the success of Islamic finance and the ethical objectives associated with Islamic Moral Economy. Industry assessments privilege asset growth, profitability, product development, market penetration, and geographical expansion, whereas the normative literature evaluates economic activity through justice, welfare, social inclusion, responsible risk allocation, and the prevention of social and ecological harm. The relevant analytical question is therefore not simply whether Islamic finance has expanded, but whether its expansion has generated substantively just and socially transformative outcomes.

The scale of the sector is undeniable. Global Islamic financial assets reached approximately US$4.9 trillion in 2023, representing annual growth of around 11 per cent. The industry had expanded across 136 countries and was assessed through indicators relating to financial performance, governance, knowledge, sustainability, and public awareness.[25] This evidence confirms that Islamic finance has moved beyond a geographically limited or experimental sector and become an established component of the international financial system. Its institutional consolidation has also enabled Muslim-majority and non-Muslim-majority economies to mobilize savings, diversify financial markets, and develop alternatives to interest-based financial instruments.

A substantial empirical literature reinforces the economic significance of this development. Islamic banking has been associated with higher economic growth, greater financial stability, lower volatility, and more inclusive development in different national and regional settings.[26] Static and dynamic analyses have further identified positive relationships between the development of Islamic financial assets and gross domestic product, suggesting that Islamic finance can contribute to capital formation, financial intermediation, and broader economic activity.[27] These findings should not be minimized. They demonstrate that Islamic finance possesses genuine macroeconomic relevance and that its contribution cannot be dismissed merely because its institutional forms resemble those of conventional banking.

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[25] Islamic Corporation for the Development of the Private Sector and London Stock Exchange Group, "Islamic Finance Development Report 2024: From Niche to Norm" (ICD–LSEG, 2024).

[26] P Imam and K Kpodar, "Islamic Banking: Good for Growth?," *Economic Modelling* 59 (2016): 387–401, https://doi.org/10.1016/j.econmod.2016.08.004; M K Hassan, F A Hudaefi, and A Agung, "EVALUATING INDONESIAN ISLAMIC BANKING SCHOLARLY PUBLICATIONS: A DATA ANALYTICS," *Journal of Islamic Monetary Economics and Finance* 8, no. 3 (2022): 341–70, https://doi.org/10.21098/jimf.v8i3.1560; S A Naz and S Gulzar, "Islamic Financial Development & Economic Growth: The Emergence of Islamic Financial Market in Pakistan," *Journal of Islamic Accounting and Business Research* 14, no. 6 (2023): 989–1012, https://doi.org/10.1108/JIABR-09-2022-0222; A A Farah et al., "Impact of Islamic Banking on Economic Growth: A Systematic Review of SCOPUS-Indexed Studies (2009–2024)," *Cogent Economics and Finance* 13, no. 1 (2025), https://doi.org/10.1080/23322039.2025.2490819.

[27] Imam and Kpodar, "Islamic Banking: Good for Growth?"; Hassan, Hudaefi, and Agung, "EVALUATING INDONESIAN ISLAMIC BANKING SCHOLARLY PUBLICATIONS: A DATA ANALYTICS"; Farah et al., "Impact of Islamic Banking on Economic Growth: A Systematic Review of SCOPUS-Indexed Studies (2009–2024)."

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The problem emerges when economic growth is treated as conclusive evidence of Islamic ethical success. Asset expansion measures the size and market performance of institutions, not the distribution or quality of their effects. It does not reveal whether financing reaches small enterprises, low-income households, women, rural communities, or socially marginalized groups. Nor does it establish whether financial expansion generates secure employment, strengthens household resilience, reduces indebtedness, protects ecosystems, or improves access to education, health care, housing, and essential infrastructure. A financial sector may contribute positively to GDP while simultaneously reproducing unequal access, concentrated ownership, or asymmetrical risk.

This distinction becomes clearer when financial growth is placed alongside global development conditions. Almost 700 million people remained in extreme poverty in 2024, while approximately 3.5 billion lived below the poverty threshold used for upper-middle-income countries. On current trajectories, around 622 million people could remain in extreme poverty in 2030.[28] These figures do not imply that Islamic finance has caused poverty or failed wherever poverty persists. Such a causal conclusion would exceed the evidence. They do show, however, that aggregate economic and financial expansion cannot be treated as a sufficient proxy for inclusive welfare without disaggregated evidence concerning access, income distribution, employment, vulnerability, and social protection.

The same contradiction appears in the implementation of sustainable development. Of the 169 Sustainable Development Goal targets, 139 could be assessed in 2025. Only 35 per cent showed adequate progress, while 48 per cent exhibited insufficient advancement and 18 per cent had regressed below their 2015 baselines.[29] Economic and financial development has therefore not produced a corresponding transformation in poverty reduction, ecological security, equality, or institutional inclusion. This pattern challenges the assumption that social progress will follow automatically from expanding markets and investment.

Islamic Moral Economy provides a more demanding interpretation of these findings. Economic growth is not rejected but subordinated to ethical purposes. The Qur'anic concern that wealth should not circulate exclusively among the affluent establishes circulation and distributive responsibility as criteria of economic legitimacy.[30] Similarly, the condemnation of deficient measurement and acquisitive rivalry places commercial activity within a moral order of truthful exchange, restraint, and accountability.[31] Wealth creation is thus acceptable, but its legitimacy depends on how wealth is acquired, distributed, used, and related to the rights and vulnerabilities of others.

This finding refines, rather than rejects, claims concerning the ethical value of Sharia compliance. Sharia compliance remains fundamental because it prohibits *ribā*, excessive *gharar*, *maysir*, and investment in legally prohibited activities. It also encourages asset-backed transactions, risk sharing, ethical investment, and connections between finance and tangible economic activity.[32] These principles can

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[28] Bank, "Poverty, Prosperity, and Planet Report 2024: Pathways Out of the Polycrisis."

[29] United Nations Development Programme, "UNDP, BAZNAS, and Bank Syariah Indonesia Join Forces to Pioneer Green Zakat Framework," *United Nations Development Programme*, 2025, https://www.undp.org/indonesia/press-releases/undp-baznas-and-bank-syariah-indonesia-join-forces-pioneer-green-zakat-framework.

[30] Abdel Haleem, *The Qur'an: A New Translation*.

[31] Abdel Haleem.

[32] A M El Tiby and W Grais, *Islamic Finance and Economic Development: Risk Management, Regulation, and Corporate Governance*, *Islamic Finance and Economic Development: Risk, Regulation, and Corporate Governance*, 2015, https://doi.org/10.1002/9781119204343.

constrain exploitation and encourage productive finance. Yet compliance at the level of contractual form cannot independently determine who gains access to capital, whose interests are prioritized, how risks are distributed, or whether financed activities harm workers, communities, or ecosystems.

The analysis therefore distinguishes between transactional legitimacy and developmental legitimacy. Transactional legitimacy concerns whether a contract conforms to applicable Islamic legal principles. Developmental legitimacy concerns whether an institution contributes to welfare, distributive fairness, ecological sustainability, and meaningful economic participation. The first is indispensable, but it does not automatically produce the second. A formally valid transaction may remain exclusionary, environmentally damaging, or excessively burdensome for economically weaker parties.

This distinction extends Asutay's critique of the institutional trajectory of Islamic finance. Asutay argues that the original moral and developmental ambitions of Islamic economics were progressively displaced by the competitive logic of conventional finance, producing the ascendancy of *homo economicus* over the socially responsible *homo Islamicus*.[33] The present evidence suggests that the problem is not profit itself, since commercial gain is recognized within Islamic law, but the elevation of profitability, asset accumulation, and market share into the dominant standards of success. When welfare and justice remain peripheral reporting categories, Islamic identity risks becoming attached to financial form without equivalent transformation in institutional purpose.

Recent scholarship has attempted to address this limitation by using *maqāṣid al-sharīʿah* to connect Islamic finance with social justice, economic welfare, ethical conduct, and sustainable development.[34] Islamic finance has also been presented as a means of supporting the Sustainable Development Goals through financial inclusion, poverty alleviation, responsible investment, and environmental financing.[35] International development discussions increasingly recognize its potential to mobilize capital for inclusive growth and environmental transition, particularly where conventional development financing remains inadequate.[36]

Nevertheless, the ethical value of green *sukuk*, sustainability-linked instruments, and other environmentally oriented products cannot be inferred from labels alone. Their legitimacy depends on project selection, social consultation, impact measurement, distribution of benefits, and independent verification. A

[33] Asutay, "Conceptualisation of the Second-Best Solution in Overcoming the Social Failure of Islamic Banking and Finance: Examining the Overpowering of Homo Islamicus by Homo Economicus."

[34] T O Yusuf, L Raimi, and A A Shuaib, "The Power of Faith-Based Finance: How Islamic Finance Supports the Achievement of the Sustainable Development Goals," in *Islamic Finance in the Modern Era: Digitalization, FinTech and Social Finance*, 2024, 300–325, https://doi.org/10.4324/9781003366751-19; R N Ichsan et al., "THE ROLE OF ISLAMIC BANKING LITERACY AND EASE OF USE ON ACHIEVING SUSTAINABLE DEVELOPMENT GOALS AND MAQASHID AL-SHARIAH IN INDONESIA," *International Journal of Economics and Finance Studies* 16, no. 2 (2024): 190–208, https://doi.org/10.34109/ijefs.202416210.

[35] Yusuf, Raimi, and Shuaib, "The Power of Faith-Based Finance: How Islamic Finance Supports the Achievement of the Sustainable Development Goals"; Ichsan et al., "THE ROLE OF ISLAMIC BANKING LITERACY AND EASE OF USE ON ACHIEVING SUSTAINABLE DEVELOPMENT GOALS AND MAQASHID AL-SHARIAH IN INDONESIA"; E Y Zhang, "The Buddha-Bot: Can an Embodied Spiritual Machine Lead Us Toward Enlightenment?," in *Handbook of Global Philosophies on AI Ethics: Toward Sustainable Futures*, 2025, 105–13, https://doi.org/10.1201/9781003585527-11.

[36] Zhang, "The Buddha-Bot: Can an Embodied Spiritual Machine Lead Us Toward Enlightenment?"

green instrument may finance renewable infrastructure while displacing communities, concentrating returns, or excluding affected populations from decision-making. Sustainable Islamic finance therefore requires both environmental performance and procedural justice.

Avdukic and Asutay's evaluation of Islamic banking through human development and income distribution marks an important movement from institutional identity toward developmental outcomes.[37] Yet even the Human Development Index and Gini coefficient cannot fully capture employment dignity, political participation, financial insecurity, ecological exposure, or unequal capacities to absorb loss. A more adequate assessment requires four dimensions: productive orientation, distributive reach, ecological compatibility, and institutional accountability.

Table 1. From Growth Indicators to Islamic Ethical Performance

Analytical dimension	Conventional indicator	Islamic ethical criterion	Indicative evidence
Financial performance	Asset growth and profitability	Productive and socially beneficial allocation	Sectoral financing, employment, SME participation
Inclusion	Number of customers	Effective access for underserved groups	Gender, income, regional, and enterprise-size data
Distribution	Aggregate output	Fair circulation of wealth, opportunity, and risk	Income distribution, wages, financing concentration
Sustainability	Green-labelled assets	Verified reduction of harm and vulnerability	Emissions, biodiversity, resilience, community effects
Governance	Legal and Sharia compliance	Transparency, participation, accountability, and remedy	Disclosures, complaints, stakeholder representation

The methodological implication is that Islamic financial institutions must disclose more than aggregate assets, financing volumes, and compliance certification. They should report who receives financing, which sectors benefit, how risks are distributed, what environmental consequences arise, and how affected stakeholders participate in governance. Without such evidence, ethical claims remain institutionally asserted rather than empirically demonstrated.

The significance of this finding for future-oriented Islamic and Islamicate studies lies in repositioning Islamic Moral Economy as a critical evaluative tradition rather than a legitimating label. Islamic economic success should be judged not only by market expansion or contractual conformity, but by whether religiously authorized institutions produce observable improvements in welfare, distributive justice, ecological security, and accountable public life.

Reconstructing Welfare through *Maqāṣid al-Sharīʿah* and the Capability Approach

The central theoretical tension emerging from the findings concerns whether welfare in Islamic economic ethics should be inferred from the possession

[37] Avdukic and Asutay, "Testing the Development Impact of Islamic Banking: Islamic Moral Economy Approach to Development."

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of resources and the formal fulfilment of religiously legitimate arrangements, or evaluated through the substantive freedoms and conditions that people are able to achieve. Much of the Islamic economic literature rightly rejects the reduction of welfare to income or utility, yet it often continues to measure institutional success through monetary transfers, financial access, asset ownership, or the nominal association of programmes with *maqāṣid al-sharīʿah*. The documentary evidence examined in this study indicates that these proxies remain insufficient. Welfare is more adequately understood as the capability of individuals and communities to live healthy, secure, knowledgeable, dignified, socially connected, and environmentally resilient lives.

This finding places the study within a wider debate over the analytical status of *maqāṣid al-sharīʿah*. One major scholarly trend treats the five conventional objectives religion, life, intellect, progeny, and wealth as a comprehensive architecture of human well-being. Recent scholarship extends this architecture beyond material security to ethical, social, spiritual, and environmental flourishing, thereby presenting the *maqāṣid* as a multidimensional framework for development and public policy.[38] This approach has made an important contribution by resisting economistic accounts of welfare. It establishes that a person's well-being cannot be adequately assessed through consumption or income while health, knowledge, family security, moral agency, and ecological conditions are neglected.

The limitation, however, lies in the tendency to move too quickly from normative categories to presumed outcomes. Describing a programme as protecting life, wealth, or intellect does not demonstrate that it actually expands the freedoms of its intended beneficiaries. The existence of a school, clinic, financing scheme, or zakat programme is not equivalent to effective access. Educational infrastructure may exist while women, rural populations, or people with disabilities remain excluded. Financial accounts may be available while users face unaffordable fees, opaque contracts, digital barriers, or unstable income. The *maqāṣid* identify ethically relevant ends, but they do not by themselves establish whether those ends have been realized.

The capability approach clarifies this distinction by separating resources from functionings and substantive freedoms. Sen argues that development should be assessed through what people are genuinely able to be and do, rather than through the commodities they possess or the utility they report.[39] The distinction matters because individuals have unequal abilities to convert identical resources into comparable well-being. Disability, illness, gender discrimination, unpaid care work, geographic isolation, environmental exposure, and political marginalization affect the conversion of income and services into actual capabilities. Equal monetary transfers can therefore generate profoundly unequal welfare outcomes.

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[38] A Mergaliyev et al., "Higher Ethical Objective (Maqasid Al-Shari'ah) Augmented Framework for Islamic Banks: Assessing Ethical Performance and Exploring Its Determinants," *Journal of Business Ethics* 170, no. 4 (2021): 797–834, https://doi.org/10.1007/s10551-019-04331-4; A Mehellou, M S Mohamad Saleh, and B Omar, "Maqāṣid Al-Sharīʿah as Goal Framing for Sustainable Behaviours: A Conceptual Framework," *Intellectual Discourse* 31, no. 1 (2023): 183–209, https://www.scopus.com/inward/record.uri?eid=2-s2.0-85177787636&partnerID=40&md5=74cc0913085bc74101b8f0bffd870f19; S M A Al-Tamimi and M S Abdellatif, "Maqāṣid Al-Sharīʿah (the Higher Objectives of Islamic Law) as an Alternative Perspective for Contemporary Environmental Sustainability," *Research Journal in Advanced Humanities* 7, no. 1 (2026), https://doi.org/10.58256/fxbcpz88; M J H Hanurhaza, A S Azila, and A M Faris, "Analysis of the Sustainable Development Goals (SDGs) within the Context of Maqasid Al-Shariah," *Alam Cipta* 19, no. 1 (2026): 5–14, https://doi.org/10.47836/AC.19.1.PAPER01.

[39] Sen, *Development as Freedom*.

The affinity between the capability approach and *maqāṣid al-sharīʿah* has been recognized in scholarship that connects Islamic objectives with real opportunities, agency, and multidimensional poverty.[40] Yet the present analysis argues that the two frameworks should not be collapsed into one another. The *maqāṣid* provide normative guidance regarding the goods, protections, and relationships that an Islamic ethical order should value. The capability approach supplies an evaluative question: whether people possess effective freedom to attain those valued states. Their analytical functions are complementary rather than interchangeable.

Auda's systems approach strengthens this synthesis because it rejects the treatment of *maqāṣid* as isolated, rigid, or mechanically ranked interests. Its emphasis on openness, interconnection, multidimensionality, hierarchy, and purposiveness enables welfare to be understood as an interacting system rather than a checklist of protected objects.[41] Health affects educational participation; education shapes employment and political agency; income security influences family stability; ecological conditions affect life, livelihood, and intergenerational well-being. A systems-oriented account therefore explains why the protection of wealth cannot be evaluated independently from health, dignity, knowledge, and environmental security.

This interpretation also refines Chapra's account of Islamic development. Chapra argues that genuine development must include moral, intellectual, familial, social, and material dimensions.[42] The present study supports that multidimensional position but adds a stronger criterion of institutional verification. It is not enough for policy discourse to affirm these dimensions rhetorically. Islamic economic institutions must demonstrate how their programmes affect the actual opportunities of differently situated persons. The shift from normative declaration to capability evidence makes welfare claims empirically contestable.

Global social-protection data illustrate why this shift is necessary. In 2023, 52.4 per cent of the world's population received at least one social-protection benefit, leaving approximately 3.8 billion people without any coverage. At the prevailing pace, universal protection would not be achieved until 2073.[43] Coverage was also deeply unequal: 85.9 per cent in high-income countries, lower effective coverage for women than men, and only 25 per cent among populations in the fifty countries most vulnerable to climate change. In the twenty most climate-vulnerable countries, coverage fell to 8.7 per cent.[44] These disparities show that welfare depends on institutional arrangements of protection, not simply on participation in labour markets or access to occasional assistance.

The evidence complicates scholarship that treats zakat and other Islamic social-finance instruments as sufficient substitutes for a welfare state. Zakat, *ṣadaqah*, waqf, and related mechanisms can protect life and wealth, support recovery, and respond to poverty and crisis within a *maqāṣid*-oriented

[40] I A Oladapo and A Ab Rahman, "Re-Counting the Determinant Factors of Human Development: A Review of the Literature," *Humanomics* 32, no. 2 (2016): 205–26, https://doi.org/10.1108/H-02-2016-0018; Mehellou, Mohamad Saleh, and Omar, "Maqāṣid Al-Sharīʿah as Goal Framing for Sustainable Behaviours: A Conceptual Framework."

[41] Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law*.

[42] Chapra, *The Islamic Vision of Development in the Light of Maqasid Al-Shariah*.

[43] ILO and UNICEF, "Child Labour Global Estimates 2024" (Geneva: ILO & UNICEF, 2024).

[44] ILO and UNICEF.

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framework.[45] Their normative and social significance is substantial. Yet they frequently lack the universality, predictability, enforceable entitlement, administrative reach, and counter-cyclical capacity associated with comprehensive social protection. Reliance on charitable institutions alone may leave assistance contingent on collection levels, donor preferences, institutional discretion, or narrow beneficiary classifications.

The stronger position is therefore not to subordinate Islamic social finance to the state, but to situate it within a layered welfare architecture. Public taxation, contributory insurance, non-contributory benefits, zakat, waqf, mutual assistance, and ethical commercial finance should perform differentiated but coordinated functions. Research on welfare-oriented nutrition programmes, for example, shows how *maqāṣid al-sharīʿah* can be combined with welfare-state principles to address concrete capability deprivations rather than remaining at the level of abstract ethical affirmation.[46] Such integration is important because multidimensional poverty requires institutional coordination across food security, health, education, care, housing, and income protection.

This direction is consistent with policy-oriented literature that connects the *maqāṣid* to social justice, equity, sustainability, and human flourishing. It is also reflected in international Islamic social-finance frameworks. The UNDP links zakat to poverty reduction, hunger, health, education, and inequality,[47] while its Indonesia-focused framework presents zakat, waqf, Islamic microfinance, and *sukuk* as complementary development instruments rather than isolated charitable channels. Their significance lies in moving Islamic philanthropy toward institutional coordination and public development objectives.

Nevertheless, coordination does not resolve the problem of measurement. Institutional reports commonly present the amount of zakat collected, funds distributed, beneficiaries reached, or waqf assets established. These figures capture inputs and outputs, but not necessarily welfare outcomes. They do not establish whether beneficiaries achieve sustained food security, improved health, educational continuity, reduced debt, greater agency, or stronger resilience. A capability-based evaluation requires longitudinal and disaggregated evidence regarding what recipients become able to do after assistance.

Existing attempts to operationalize *maqāṣid*-based welfare illustrate both the promise and difficulty of this agenda. Kasri and Ahmed connect the *maqāṣid* with multidimensional poverty and human development, while Suliswanto, Mahyudi, and Barom construct an Indonesian welfare index combining material, social, and spiritual dimensions.[48] Such approaches improve on monetary

[45] E N Saidy, N M Mahsyar, and A Ashraf, "Zakat, Infak, and Sedekah (ZIS) Management in Economic Recovery: A Cross-Cultural Perspective from Turkey and Egypt," *Banco* 7, no. 1 (2025): 52–67, https://doi.org/10.35905/banco.v7i1.9470.

[46] E Humaeroh et al., "Islamic Education As An Instrument of Family Law In Strengthening Family Economic Resilience: A Maqāṣid Al-Sharīʿah Analysis of The Free Nutritious Meal Program," *Mawaddah: Jurnal Hukum Keluarga Islam* 3, no. 2 (2025): 759–81, https://doi.org/10.52496/mjhki.v3i2.111.

[47] United Nations Development Programme, "The Role of Zakat in Supporting the Sustainable Development Goals" (United Nations Development Programme, 2017), https://www.undp.org/indonesia/publications/role-zakat-supporting-sustainable-development-goals.

[48] Rahmatina A Kasri and Habib Ahmed, "Assessing Socio-Economic Development Based on Maqāṣid Al-Sharīʿah Principles: Normative Frameworks, Methods and Implementation in Indonesia," *Islamic Economic Studies* 23, no. 1 (2015): 73–100, https://doi.org/10.12816/0012264; M S W Suliswanto, M Mahyudi, and M N Barom, "A Maqasid-Based Welfare Index in Indonesia: An Empirical Investigation," *Journal of Islamic Monetary Economics and Finance* 11, no. 1 (2025): 119–46, https://doi.org/10.21098/jimf.v11i1.2098.

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measurement, but they raise questions about indicator selection, weighting, cultural diversity, and institutional authority.

The measurement of spiritual welfare is especially sensitive. When public institutions define spiritual well-being through standardized devotional behaviour, welfare assessment may become paternalistic. Individuals can be classified as deficient because their religious practices differ from official expectations. The present study therefore conceptualizes spiritual welfare as moral and religious agency: the capability to pursue meaningful ethical and spiritual commitments without coercion, exclusion, or institutional surveillance. This interpretation preserves the significance of religion while avoiding the administrative measurement of piety.

A related danger is the unlimited expansion of the *maqāṣid*. If every desirable social outcome is designated as a *maqṣad*, the framework loses conceptual discipline. To prevent this, the study proposes that each welfare dimension satisfy three requirements: a defensible normative basis, an identifiable human capability, and appropriate empirical evidence. This triadic test permits *maqāṣid*-oriented reasoning to remain normatively rich while becoming methodologically accountable.

The framework also has implications for digital transformation. Digital zakat platforms, automated eligibility systems, fintech, and algorithmic credit scoring may extend access and reduce administrative costs. Yet they can also exclude people with limited connectivity, expose sensitive data, and produce opaque decisions. A capability-oriented Islamic ethic therefore evaluates digital welfare systems through accessibility, explainability, privacy, human review, and the preservation of non-digital alternatives. Technological efficiency is not equivalent to welfare when it weakens agency or creates new forms of exclusion.

The theoretical contribution of this debate lies in repositioning welfare as the mediating category between Islamic ethical purposes and institutional performance. *Maqāṣid al-sharīʿah* identifies what economic institutions ought to protect and cultivate; the capability approach determines whether those commitments become effective freedoms in people's lives. This synthesis strengthens the study's originality by making Islamic welfare simultaneously normative, multidimensional, empirically assessable, and attentive to the institutional conditions shaping Muslim social futures.

Moving from Charitable Redistribution to Structural Distributive Justice

The combined use of documentary analysis and Islamic Moral Economy reveals that distributive justice in Islamic economic ethics cannot be reduced to transferring resources after inequality has already been produced. By reading Qur'anic norms, Islamic social-finance mechanisms, institutional policy frameworks, and contemporary development evidence within a single analytical structure, the study identifies two distinct but interdependent levels of justice: redistributive intervention and structural distribution. Previous scholarship has often concentrated on zakat, waqf, and *ṣadaqah* as mechanisms for alleviating poverty, whereas the present approach also examines the institutional rules through which income, assets, opportunities, risks, and environmental burdens are initially allocated. This distinction enables the analysis to move from the charitable treatment of deprivation toward the economic conditions that repeatedly generate it.

Documentary analysis is particularly valuable because it permits comparison between normative claims and institutional practices. Texts

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describing zakat as a means of wealth circulation can be examined alongside reports that prioritize collection volumes, numbers of beneficiaries, or disbursement totals. Similarly, claims that Islamic finance promotes justice can be compared with evidence concerning access to capital, bargaining power, employment, and exposure to economic loss. The method therefore prevents normative concepts from being accepted solely at the level of institutional self-description. Islamic Moral Economy sharpens this analysis by asking whether economic arrangements embody justice in their organization, rather than merely funding charitable programmes after unjust outcomes emerge.

The redistributive importance of zakat remains indisputable. Islamic social-finance scholarship consistently presents it as a mandatory transfer from those possessing qualifying wealth to specified groups facing poverty, indebtedness, exclusion, or other recognized vulnerabilities.[49] Its regularity and legal status distinguish it from discretionary philanthropy. By discouraging hoarding and requiring wealth to circulate, zakat limits the social legitimacy of accumulation detached from public responsibility.[50] Its potential effects extend beyond immediate consumption, since more effective circulation can contribute to poverty reduction, economic participation, and the mitigation of social problems associated with severe deprivation, including child labour and criminal vulnerability.[51]

Yet the analytical evidence shows that redistribution alone cannot secure distributive justice. Redistribution adjusts economic outcomes after production, exchange, employment, and accumulation have taken place. Structural distribution concerns the rules governing those processes themselves. It includes wage formation, labour protection, access to land and productive capital, taxation, inheritance, market competition, education, public services, social protection, environmental regulation, and participation in economic decision-making. A society may maintain extensive charitable programmes while allowing wages to remain inadequate, ownership to become highly concentrated, workers to possess little bargaining power, and ecological costs to be transferred to marginalized communities.

[49] G Richardson, "Islamic Law and Zakat: Waqf Resources in Pakistan," in *Islam and Social Policy*, 2010, 156–80, https://www.scopus.com/inward/record.uri?eid=2-s2.0-84896227225&partnerID=40&md5=5dc16cd0dac1e4f71aeccd99a7dd13e6; A H Ansari, "Distributive Justice in Islam: An Expository Study of Zakah for Achieving a Sustainable Society," *Australian Journal of Basic and Applied Sciences* 5, no. 8 (2011): 383–93, https://www.scopus.com/inward/record.uri?eid=2-s2.0-80053190642&partnerID=40&md5=bdcf8f134fdb70cb8401574c5c8a025b; Z Baidhawy, "Distributive Principles of Economic Justice: An Islamic Perspective," *Indonesian Journal of Islam and Muslim Societies* 2, no. 2 (2012): 241–66, https://doi.org/10.18326/ijims.v2i2.241-266; H Abderrahim and E M Fadma, "THE EFFECT OF APPLIED ZAKAT ON WEALTH DISTRIBUTION USING AGENT BASED MODELING," *Journal of Theoretical and Applied Information Technology* 102, no. 22 (2024): 7978–88, https://www.scopus.com/inward/record.uri?eid=2-s2.0-85211119134&partnerID=40&md5=0706d51b1cd55bbec932bfeadfcd38e5; M.H.B.M. Johar et al., "Conceptual Perspectives on Harnessing Zakat for Socioeconomic Resilience," *Global Journal Al-Thaqafah*, 2025, 330–45, https://doi.org/10.7187/GJATSI102025-19; R Geraci, "The Ethical Dimension of Islamic Financial and Tax Architecture," *JUS Rivista Di Scienze Giuridiche* 2025, no. 2 (2025): 134–69, https://doi.org/10.26350/18277942_000229.

[50] A Younas et al., "Agent Based Model for Zakat Distribution," in *4th International Conference on Innovative Computing, ICIC 2021*, 2021, https://doi.org/10.1109/ICIC53490.2021.9693008; H Hamza, "Role of Zakāt in Building up a Sustainable Investment," in *Islamic Finance and Sustainable Development: A Global Framework for Achieving Sustainable Impact Finance*, 2024, 85–96, https://doi.org/10.4324/9781003468653-11.

[51] Younas et al., "Agent Based Model for Zakat Distribution."

Furqani and Mulyany's account of distribution within Islamic Moral Economy provides an important foundation for this distinction. Their framework links distribution to rights, responsibilities, effort, social surplus, basic needs, empowerment, and public welfare rather than assuming that justice requires mathematically equal outcomes.[52] The present analysis supports this approach but expands its institutional scope. Distribution must include not only income and wealth, but also decision-making power, access to productive assets, exposure to environmental harm, and the capacity to withstand financial risk. This extension is necessary because formal equality in contracts or monetary transfers may coexist with profound inequalities in social consequences.

Contemporary poverty data illustrate the limits of a charity-centred framework. Approximately 3.5 billion people remain below the World Bank's US$6.85-per-day poverty threshold, while one in five people faces the lifetime risk of experiencing an extreme weather event.[53] Such conditions cannot be explained solely by insufficient charitable giving. They reflect unstable employment, unequal infrastructure, inadequate public services, limited political influence, and exposure to environmental threats. Documentary comparison therefore shifts the object of analysis from the poor as recipients of assistance to the institutions that produce vulnerability.

This shift is especially important for climate justice. Populations that have contributed relatively little to cumulative emissions often experience disproportionate exposure to drought, flooding, heat, food insecurity, displacement, and livelihood loss. At the same time, climate-vulnerable states possess some of the weakest social-protection systems.[54] Islamic distributive ethics must therefore ask not only who receives income, but who bears pollution, transition costs, ecological destruction, and disaster risk. The Qur'anic orientation toward balance and the condemnation of excess should not be converted simplistically into a modern environmental code, but they provide an ethical basis for scrutinizing systematic asymmetries in benefit and harm.

The method also reveals the need to differentiate the functions of Islamic social finance. Protective interventions address immediate needs such as food, shelter, health care, debt relief, and emergency assistance. Developmental interventions expand capabilities through education, skills, productive assets, mentoring, and market access. Transformative interventions alter the institutions that generate exclusion, including labour rules, financial access, ownership patterns, and environmental governance. The first responds to deprivation, the second strengthens agency, and the third addresses its structural causes. A justice-centred Islamic economic system requires all three.

This distinction complicates contemporary enthusiasm for productive zakat. Programmes offering equipment, business capital, or training may enable some recipients to achieve durable livelihoods. Recent scholarship similarly links zakat with economic empowerment, financial inclusion, and the reduction of structural inequality among legally recognized beneficiary groups.[55] However,

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[52] Hafas Furqani and Ratna Mulyany, "Sharing Prosperity: Distributive Justice Framework in an Islamic Moral Economy," *Madania: Jurnal Kajian Keislaman* 23, no. 2 (2019): 117–26, https://doi.org/10.29300/madania.v23i2.2289.

[53] Bank, "Poverty, Prosperity, and Planet Report 2024: Pathways Out of the Polycrisis."

[54] ILO and UNICEF, "Child Labour Global Estimates 2024."

[55] Abderrahim and Fadma, "THE EFFECT OF APPLIED ZAKAT ON WEALTH DISTRIBUTION USING AGENT BASED MODELING"; R Baba et al., "Implementation of Selected Sustainable Development Goals in Zakat Management: A Study on the Zakat Distribution Division,

entrepreneurship cannot become a universal moral expectation. Older persons, people with disabilities, displaced populations, unpaid carers, and those experiencing serious illness may require unconditional and continuing support. Treating every recipient as a potential entrepreneur risks shifting responsibility for structural poverty onto individuals whose capabilities and circumstances differ substantially.

The documentary evidence further demonstrates that zakat is most effective when situated within a broader social-finance ecology. Contemporary Islamic social finance combines zakat with waqf, *ṣadaqah*, microfinance, and other instruments to strengthen financial inclusion and socioeconomic justice.[56] Recent approaches also align these instruments with the Sustainable Development Goals and broader development strategies.[57] Such integration is valuable, but the instruments should not be treated as interchangeable. Zakat is governed by legally defined beneficiary categories, whereas waqf and voluntary giving offer greater flexibility for public infrastructure, environmental projects, and long-term institutional investment.

This distinction is evident in the Green Waqf Framework, which extends waqf toward conservation, climate adaptation, mitigation, and community-based environmental action.[58] The Green Zakat Framework similarly links zakat administration to poverty reduction, environmental vulnerability, and climate resilience.[59] These documents mark an important development in Islamicate governance because they recognize that economic deprivation and ecological insecurity are mutually reinforcing. Nevertheless, environmental programmes financed through zakat must demonstrate a direct and defensible relationship with eligible beneficiaries. Projects serving diffuse public interests without identifiable *aṣnāf* may be more appropriately financed through waqf, public expenditure, *ṣadaqah*, or commercial sustainable finance.

The same structural reasoning applies to Islamic commercial finance. Profit-and-loss sharing is frequently regarded as intrinsically fair because returns are linked to economic performance. Yet contractual sharing does not guarantee equitable risk bearing. Financial institutions and small entrepreneurs differ in information, collateral, legal capacity, portfolio diversification, and their ability to absorb loss. The relevant question is therefore not whether risk is nominally shared, but whether its consequences threaten one party's livelihood, health, housing, or family security more severely than another's. The capability approach

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Melaka Islamic Religious Council (MAIM), Melaka," *Global Journal Al-Thaqafah*, 2025, 1–14, https://doi.org/10.7187/GJATSI102025-1.

[56] A Ş Gündoğdu, "Poverty, Hunger and Inequality in the Context of Zakat and Waqf," *Darulfunun Ilahiyat* 30, no. 1 (2019): 49–64, https://doi.org/10.26650/di.2019.30.1.0005; N A Zauro, R A J Saad, and N Sawandi, "Enhancing Socio-Economic Justice and Financial Inclusion in Nigeria: The Role of Zakat, Sadaqah and Qardhul Hassan," *Journal of Islamic Accounting and Business Research* 11, no. 3 (2020): 555–72, https://doi.org/10.1108/JIABR-11-2016-0134.

[57] A I Hunjra, M Arunachalam, and M Hanif, "The Role of Islamic Social Finance in Poverty Eradication," in *Islamic Finance in the Modern Era: Digitalization, FinTech and Social Finance*, 2024, 26–39, https://doi.org/10.4324/9781003366751-3; Baba et al., "Implementation of Selected Sustainable Development Goals in Zakat Management: A Study on the Zakat Distribution Division, Melaka Islamic Religious Council (MAIM), Melaka."

[58] United Nations Development Programme, "Green Waqf Framework" (United Nations Development Programme, 2022), https://www.undp.org/indonesia/publications/green-waqf-framework.

[59] UNDP Indonesia, "Gender Equality and Social Inclusion" (United Nations Development Programme Indonesia, 2025).

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thus complements Islamic Moral Economy by showing that equal monetary losses may produce radically unequal human losses.

Methodologically, this framework requires research to move beyond aggregate collection and distribution figures. Evaluation should include beneficiary-level outcomes, exclusion errors, gender and regional disparities, administrative costs, complaint mechanisms, livelihood sustainability, and changes in exposure to debt and environmental risk. Its limitation is that document-based analysis cannot fully capture beneficiaries' lived experiences or informal institutional practices. Future research should therefore combine institutional data with interviews, participatory methods, and longitudinal studies.

The distinctive contribution of this method–theory combination lies in extending Islamic distributive justice across the complete economic cycle: acquisition, production, employment, exchange, accumulation, redistribution, consumption, and ecological aftermath. It demonstrates that charity is ethically indispensable but institutionally incomplete. For future-oriented Islamic and Islamicate studies, justice must be located not only in the transfer of wealth to vulnerable groups, but in the governance of the structures that determine who possesses resources, power, opportunity, protection, and the capacity to shape Muslim social futures.

Institutionalizing Social Responsibility within an Integrated Islamic Economic Ethics Framework

The principal theoretical implication of this study is that social responsibility in Islamic economic ethics must be reconstructed as a binding, differentiated, and verifiable form of institutional accountability rather than as an extension of individual virtue or discretionary philanthropy. Contemporary economic harms are rarely produced by isolated actors. They emerge through interconnected decisions made by corporations, banks, investors, regulators, Sharia supervisory bodies, digital platforms, public agencies, supply chains, and international institutions. Islamic Moral Economy therefore requires responsibility to be allocated according to institutional power, knowledge, decision-making authority, contribution to harm, and capacity to prevent or remedy its consequences.

Islamic ethical sources place considerable emphasis on accountability for wealth, authority, and entrusted resources. The Qur'anic concepts of *amānah*, justice, truthful dealing, and answerability establish that control over resources generates obligations toward others rather than unrestricted entitlement.[60] In a modern institutional setting, however, responsibility cannot be confined to the moral disposition of individual executives, consumers, or investors. A financing decision may depend on risk models, corporate policies, regulatory incentives, Sharia review, investor expectations, digital scoring systems, and public infrastructure. Harm may consequently arise from coordinated institutional routines without being reducible to the intention of any single person.

The findings therefore extend the concept of *amānah* from personal trusteeship to institutional trusteeship. Institutional *amānah* arises whenever an organization controls capital, information, infrastructure, natural resources, or decision-making processes that materially affect the welfare of others. It entails duties of competent management, truthful disclosure, fair treatment, prevention

[60] Abdel Haleem, *The Qur'an: A New Translation.*

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of foreseeable harm, protection of vulnerable stakeholders, and access to remedy. This interpretation is consistent with Islamic Moral Economy's emphasis on justice, equity, shared prosperity, and sustainable development rather than profit maximization alone.[61] It also prevents organizations from portraying charitable expenditure as sufficient evidence of ethical conduct while their primary operations continue to produce exclusion or harm.

Dusuki and Abdullah's formulation of Islamic corporate social responsibility provides an important foundation for this argument. By grounding corporate responsibility in *maqāṣid al-sharīʿah* and *maṣlaḥah*, they distinguish necessary interests from complementary and embellishing ones, thereby requiring corporations to prioritize life, dignity, livelihood, and public welfare over peripheral acts of benevolence.[62] The present study extends this framework by incorporating procedural justice. Ethical governance requires not only beneficial outcomes but also legitimate decision-making processes: who participates, whose evidence is recognized, whose interests are marginalized, and what mechanisms permit contestation and remedy.

This procedural dimension matters because apparently beneficial projects can distribute costs unjustly. Renewable-energy infrastructure may reduce emissions while displacing local communities, restricting customary land access, or concentrating financial returns. Sustainable investment cannot therefore be assessed solely by aggregate environmental gains. It must also be evaluated through participation, consent, compensation, transparency, and the distribution of risks and benefits. Islamic corporate governance strengthens this perspective by aligning organizational objectives with Sharia principles, ethical leadership, stakeholder trust, and the prevention of abuses of power.[63] Its distinctiveness lies not merely in the presence of religious boards, but in whether governance structures constrain institutional power and make affected stakeholders visible.

The study identifies five interrelated levels of responsibility. At the individual level, lawful earning, responsible consumption, truthful exchange, zakat, restraint, and the avoidance of waste remain ethically indispensable. Yet individual conduct cannot compensate for weak regulation or structurally harmful business models. At the corporate level, responsibility includes fair wages, safe work, responsible taxation, truthful marketing, supply-chain due diligence, stakeholder consultation, environmental prevention, and remedy. Corporate philanthropy occurs after revenue has been generated; institutional ethics begins with the processes through which that revenue is produced.

Financial institutions occupy a third level because they determine which sectors receive capital, which risks are normalized, who receives access, and how losses are distributed. Islamic banks therefore bear responsibilities for fair pricing, consumer protection, prevention of over-indebtedness, productive allocation, financial inclusion, climate-risk assessment, and transparent impact disclosure. The *maqāṣid al-sharīʿah* framework gives these responsibilities a stronger status than voluntary corporate citizenship because it requires Islamic institutions to

[61] Mergaliyev et al., "Higher Ethical Objective (Maqasid Al-Shari'ah) Augmented Framework for Islamic Banks: Assessing Ethical Performance and Exploring Its Determinants"; Ahsan et al., "The Challenges of Islamic Moral Economy in the Contemporary Social Context of Bangladesh."

[62] Dusuki and Abdullah, "Maqasid Al-Shariah, Maslahah, and Corporate Social Responsibility."

[63] S Srivastava, M Singh, and S P Srivastava, "Framework for Measuring the Impact of Islamic Corporate Governance on Sustainable Growth," in *Islamic Finance and Corporate Governance: Synergies for Sustainable Growth*, 2025, 23–42, https://doi.org/10.1108/978-1-83662-346-520251005.

pursue social benefit and human well-being as integral purposes of their existence.[64]

The fourth level is the state. Governments retain regulatory and fiscal powers that cannot be delegated to private charity, religious organizations, or financial markets. They remain responsible for taxation, universal social protection, labour standards, competition policy, public services, ecological regulation, macroeconomic stability, and access to justice. Islamic Moral Economy therefore has direct public-policy implications. It supports policies that align economic activity with social welfare, environmental protection, and ethical governance rather than treating the market as self-correcting.[65] The integration of Islamic finance with green financing and sustainable-development policy similarly demonstrates how moral-economic principles can shape regulatory frameworks rather than remain confined to private contractual practice.[66]

The fifth level is international responsibility. Climate change, sovereign debt, capital mobility, corporate supply chains, tax avoidance, and technological inequality operate across national borders. Wealthier states, multinational corporations, and international institutions consequently possess obligations concerning climate finance, debt sustainability, fair taxation, technology transfer, concessional finance, and transnational regulation. This multilevel allocation of responsibility reflects a stakeholder-oriented understanding in which large organizations are expected to support governments and communities in addressing structural socioeconomic problems and advancing human rights.[67]

The slow progress toward the Sustainable Development Goals demonstrates why responsibility must be institutionalized across these levels. In 2025, only 35 per cent of assessable targets showed adequate progress; almost half displayed insufficient advancement, while 18 per cent had regressed.[68] Problems of this scale cannot be resolved through personal donations, corporate volunteering, or isolated philanthropic programmes. They require coordinated regulation, public investment, institutional reform, long-term financing, and international cooperation.

The same conclusion applies to the Islamic finance industry. Its approximately US$4.9 trillion in global assets represent not only financial capacity but also corresponding ethical responsibility.[69] Even a partial reorientation of financing toward affordable housing, health care, education, small enterprises, clean energy, climate adaptation, and social infrastructure could generate substantial public value. Yet such outcomes cannot be presumed from the size or religious classification of assets. They require governance mechanisms that connect capital allocation to measurable social and environmental performance.

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[64] Mergaliyev et al., "Higher Ethical Objective (Maqasid Al-Shari'ah) Augmented Framework for Islamic Banks: Assessing Ethical Performance and Exploring Its Determinants."

[65] D H Achyar, C Jongsureyapart, and M M Marzuki, "Advancing Climate Policy in Carbon Accounting to Control for Carbon Emissions: An Islamic Moral Economy Emphasis," *Management and Accounting Review* 24, no. 3 (2025): 511–33, https://doi.org/10.24191/MAR.V24i03-18.

[66] R Rosman and M M Marzuki, "Corporate Social Responsibility in the Islamic Green Economy," in *Islamic Green Finance: A Research Companion*, 2024, 101–10, https://doi.org/10.4324/9781032672946-15.

[67] M J Murphy and J M Smolarski, "Religion and CSR: An Islamic 'Political' Model of Corporate Governance," *Business and Society* 59, no. 5 (2020): 823–54, https://doi.org/10.1177/0007650317749222.

[68] Programme, "UNDP, BAZNAS, and Bank Syariah Indonesia Join Forces to Pioneer Green Zakat Framework."

[69] Sector and Group, "Islamic Finance Development Report 2024: From Niche to Norm."

This finding has important implications for Sharia governance. Contractual review remains indispensable for assessing *ribā*, *gharar*, *maysir*, and other legal concerns. Nevertheless, climate science, labour rights, digital exclusion, algorithmic bias, environmental damage, and distributional effects cannot be evaluated through contract structure alone. The study therefore distinguishes Sharia compliance from Islamic ethical performance. The former assesses legal validity; the latter evaluates institutional effects on welfare, vulnerability, participation, distribution, and ecological sustainability. This distinction does not separate ethics from Sharia. It recognizes that legal validation and institutional-impact assessment require different forms of evidence and expertise.

Interdisciplinary governance is therefore necessary. Sharia scholars should retain responsibility for jurisprudential interpretation, but their deliberations should be informed by economists, social-policy specialists, environmental scientists, labour experts, data-governance researchers, and representatives of affected communities. Such collaboration does not diminish religious authority. It strengthens the evidentiary foundations through which religious judgments respond to complex institutional realities.

This integrated approach also addresses greenwashing and Sharia-washing. Greenwashing occurs when environmental claims exceed demonstrated performance. Sharia-washing occurs when religious certification creates an impression of comprehensive ethical legitimacy despite the absence of social and ecological evaluation. Both risks require transparent standards, independent verification, stakeholder participation, public disclosure, grievance mechanisms, and effective remedy.

Ecological accountability is particularly central to this framework. Islamic Moral Economy and Islamic environmental law interpret human authority through stewardship rather than unrestricted dominion, embedding responsibility for natural resources within both individual and institutional conduct.[70] This orientation converges with scholarship connecting Islamic ethics to green governance, ecological preservation, and circular resource use.[71] Sustainability is therefore not an external policy addition to Islamic economics, but an implication of how authority, responsibility, and intergenerational harm are conceptualized.

The Green Waqf Framework and Green Zakat Framework demonstrate emerging efforts to institutionalize such ecological responsibility within Muslim social-finance systems.[72] Their significance lies in linking poverty, climate vulnerability, community resilience, and religiously grounded financial institutions. However, their transformative value depends on implementation: documented baselines, legally defensible beneficiary definitions, measurable targets, community participation, independent assurance, transparent reporting, and long-term maintenance. Normative language without institutional infrastructure remains aspirational.

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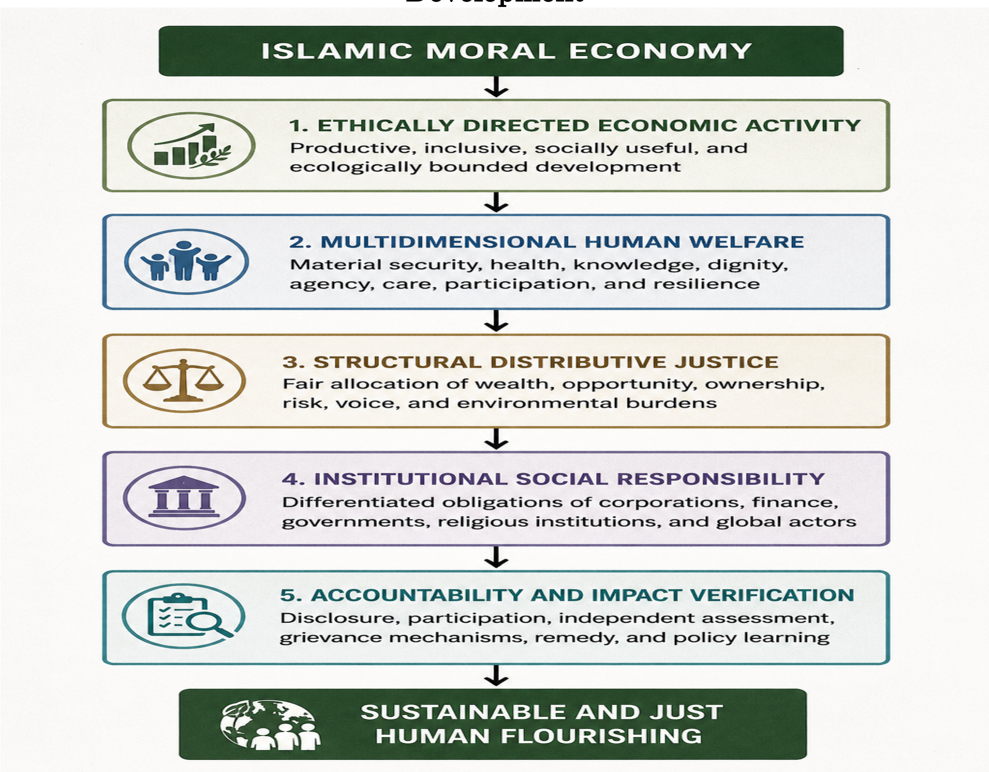
[70] Bonang et al., "Islamic Worldview and the Green Economy: A Philosophical Nexus for Sustainability and Equity"; M A Arafa, "Environmental Stewardship in Islamic Law: Principles, Institutions, and Ecological Governance in the Muslim World," in *The Cambridge Handbook of Islam and Environmental Law*, 2026, 37–47, https://doi.org/10.1017/9781009332118.007; S A Catovic, "Towards an Islamic Energy Ethic and Praxis," in *The Cambridge Handbook of Islam and Environmental Law*, 2026, 291–99, https://doi.org/10.1017/9781009332118.026.

[71] Alfaihani, "Linking Islamic Moral Economics and Circular Economy: A Pathway to Sustainability"; I Andriana et al., "Awakening Environmental Responsibility in Youth Through Islamic Values in Green Governance Education," *Munaddhomah* 6, no. 4 (2025): 650–60, https://doi.org/10.31538/munaddhomah.v6i4.2263.

[72] Programme, "Green Waqf Framework."

Digital transformation creates a further domain of accountability. Islamic fintech, digital zakat platforms, automated credit scoring, and online waqf systems can reduce transaction costs and extend service coverage. They can also reproduce discrimination, exclude populations with limited connectivity, expose sensitive data, and generate opaque decisions concerning eligibility. Islamic economic ethics must therefore include data minimization, privacy protection, explainability, human review, cybersecurity, and non-digital alternatives. Efficiency cannot be treated as ethically neutral when access to finance or social assistance depends on automated systems. Based on the four principal findings, this study proposes an Integrated Islamic Economic Ethics Framework for Sustainable Development:

Figure 1. Integrated Islamic Economic Ethics Framework for Sustainable Development



The framework is recursive rather than linear. Evidence concerning welfare, distribution, ecological impact, and stakeholder experience should feed back into legal interpretation, financial allocation, governance, and policy design. This structure corresponds to Auda's systems-based account of *maqāṣid al-sharīʿah*, particularly its emphasis on multidimensionality, openness, interconnection, and purposiveness.[73]

[73] Auda, *Maqasid Al-Shariah as Philosophy of Islamic Law.*

Doi: https://doi.org/10.68051/ifkems.v1i2.42

Table 4. Institutional Distribution of Islamic Economic Responsibility

Actor	Principal responsibility	Required evidence
Individuals and households	Lawful earning, responsible consumption, giving, and avoidance of waste	Financial conduct, zakat fulfilment, responsible consumption
Corporations	Fair labour, taxation, safe production, environmental prevention, and remedy	Wages, injuries, tax disclosures, emissions, complaints
Islamic financial institutions	Productive allocation, fair pricing, inclusion, and risk protection	Financing distribution, consumer outcomes, sectoral exposure
Sharia supervisory institutions	Jurisprudential compliance and purposive ethical review	Published reasoning, independence, interdisciplinary evidence
Zakat and waqf institutions	Rights-based distribution, empowerment, and asset stewardship	Coverage, adequacy, beneficiary outcomes, asset sustainability
Governments	Regulation, universal protection, public services, and ecological policy	Enforcement, social protection, public expenditure, environmental outcomes
International institutions	Climate responsibility, debt justice, tax cooperation, and development finance	Climate funds, debt relief, technology transfer, concessional finance

The framework contributes to Islamic Moral Economy in three respects. First, it converts broad ethical commitments into a structure of institutional obligations and verifiable evidence. Second, it incorporates ecological, digital, and intergenerational responsibility into the core of Islamic economic analysis. Third, it distributes responsibility according to institutional power and capacity rather than treating morality as an undifferentiated demand placed equally upon all actors.

For *Islamicate Futures*, this reconstruction demonstrates how Islamic knowledge traditions can function as resources for critical institutional reasoning. It moves Islamic economic inquiry beyond the permissibility of new products toward questions of climate transition, digital governance, artificial intelligence, labour insecurity, global debt, corporate power, and the changing organization of Muslim public life. Social responsibility becomes substantively Islamic not when institutions merely display benevolence, but when ethical commitments are embedded in governance, capital allocation, participation, impact verification, and enforceable access to remedy. This institutional reconstruction constitutes the article's central theoretical innovation and establishes the basis for its concluding argument.

CONCLUSION

This study reconstructs Islamic economic ethics beyond financial growth, formal Sharia compliance, and charitable redistribution by integrating welfare, distributive justice, and institutional social responsibility. The findings demonstrate that asset expansion and contractual conformity are necessary but insufficient indicators of Islamic economic success. Economic activity becomes ethically meaningful only when it produces socially beneficial outcomes, expands access to opportunities, distributes risks fairly, and prevents social and environmental harm.

Welfare is therefore conceptualized as multidimensional human capability rather than merely income, consumption, financial access, or charitable receipt. The integration of *maqāṣid al-sharīʿah* and the capability approach shows that Islamic economic institutions should be assessed according to their contribution to health, knowledge, material security, dignity, participation, moral agency, and resilience. The study also distinguishes redistributive charity from structural distributive justice. Zakat, *ṣadaqah*, waqf, and debt relief remain essential, but they cannot replace reforms addressing unequal wages, concentrated ownership, restricted access to productive assets, asymmetrical bargaining power, and unequal exposure to economic and ecological risks. Islamic distributive justice must therefore address both deprivation and the institutional structures that produce it.

Social responsibility must likewise move beyond voluntary philanthropy toward differentiated institutional accountability. Corporations, financial institutions, Sharia supervisory bodies, governments, social-finance organizations, and international actors possess obligations proportionate to their power, knowledge, and capacity to prevent or remedy harm. The study's principal theoretical contribution is an Integrated Islamic Economic Ethics Framework connecting ethically directed economic activity, multidimensional welfare, structural distributive justice, institutional responsibility, and impact verification. This framework strengthens Islamic Moral Economy as an evaluative approach to sustainability, governance, digital finance, social protection, and economic transformation. Future research should operationalize and test the framework through comparative case studies, stakeholder interviews, longitudinal assessment, and measurable institutional indicators.

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