Content Lists Available at Directory of Open Access Journals (DOAJ) Al-Falah: Journal of Islamic Economics

Journal Homepage: <u>http://www.journal.iaincurup.ac.id/index/alfalah</u> DOI: 10.29240/alfalah.v6i2.3504



#### Implementing *Halal* Industry Management and Environment Conservation Based on Maqashid Sharia

Ahmad Erwaedy<sup>1\*</sup>, Pardiman<sup>2</sup>, Syahril<sup>3</sup>, &Ach. Andiriyanto<sup>4</sup> <sup>1,2</sup>, Universitas Islam Malang, Malang

<sup>1,2,</sup> Universitas Islam Malang, Malang <sup>3,4</sup>Universitas Wiraraja, Madura \*Corresponding Author. E-mail: erwaedy@wiraraja.ac.id

# ARTICLE INFO

**Article History:** Received: 2021-10-12 Revised: 2021-11-30 Accepted: 2021-12-13

#### Keywords:

Halal , Green, Product, Ergonomics, Maqashid Sharia

Paper Type: Research Paper

### ABSTRACT

Purpose: Ecosystem problems are an increasingly complex and serious global problem faced by human beings around the world. More and more production with the use of modern technology to exploit nature continuously resulted in the declining quality of the environment. The core of a green economy is low carbon growth, resource efficiency, and social inclusivity, which have implications for sustainable development, energy management, a green economy in urban areas, as well as green business. This is in accordance with the values in Islamic economics, especially analyzed from the Maqashidal-Shariah point of view. This study intended to give an overview of *halal* industry management and environment conservation in the view of Maqashid Sharia

**Design**: This study was a literature study to overview the management of halal industry and environment conservation in the view of Maqashid Sharia.

**Findings:** Economic dissemination with the universal values of Maqashid Sharia (linking environmental issues with aspects of sharia objectives) in fiqh al-bi'ah resulted in a decrease in the passive attitude of the community. The basis of the green economy on the problem of inequality caused by the unequal distribution of green production factors can be overcome based on the principles of al-adl (justice), Maslahah (public interest) and Musawah (equality).

**Originality/Values**: Various obstacles that arise will be overcome because the purpose of Sharia is a concept based on the guidelines set by the Creator.

### **INTRODUCTION**

A development merely focuses on the economic aspect as reflected in Gross Domestic Product (GDP/GDP). This GDP-centric development also makes development ignoring environmental and social aspects, so that negative effects are difficult to avoid. A development, which is dominated by welfare measures and only stated in GDP, will produce a view that the development of a country is simply represented through economic growth.

To achieve economic growth with welfare parameter, there are number of welfare parameters that are sacrificed<sup>1</sup>. The impact of the development orientation to pursue GDP growth is the occurrence of massive production activities that have a potency to damage the environment. It will finally cause the surrounding environment to be unfit, so that it impacts on the disruption of human survival (*nasl*) physically, psychologically, and cognitively. The quality of human resources in the future will be automatically affected<sup>2</sup>.

The damaged environmental conditions cause human functions as actors to drive development (*caliphate*) that prosper the earth to be disrupted, even vulnerable to failure. There is interdependence between the quality of human resources and the surrounding environmental conditions<sup>3</sup>. Therefore, the protection of offspring/sustainability of human life (*nasl*) is a special spotlight in maintaining Maqashid Sharia.

Building a business unit is one way to improve the standard of life of the community mutually. People can get their welfare rights by building a business and being part of the business process. From the administrative aspect, labeling and licensing of business products must be processed through the legal stage to obtain *halal* recognition. This means that business products must be meaningful, useful, and sacred, purely from the results and proper processing process, and safe for use and consumption by the community.

Through the Law No. 33 of 2014 concerning *Halal* Product Guarantee and supporting derivative regulations, such as Government Regulation No. 33 of 2019 and Regulation of the Minister of Religion No. 26 of 2019, declare that the state is present in guaranteeing *halal* products. The October 17, 2019, is the

<sup>&</sup>lt;sup>1</sup> Erni Panca Kurniasih, "Effect of Economic Growth on Income Inequality, Labor Absorption, and Welfare in Indonesia," *Economic Journal of Emerging Markets* 9, no. 2 (October 1, 2017): 181–88.

<sup>&</sup>lt;sup>2</sup> Mira Rosana, "Kebijakan Pembangunan Berkelanjutan yang Berwawasan Lingkungan di Indonesia" 1, no. 1 (2018): 16.

<sup>&</sup>lt;sup>3</sup> Zuzana Stofkova and Viera Sukalova, "Sustainable Development of Human Resources in Globalization Period," *Sustainability* 12, no. 18 (September 17, 2020): 7681, https://doi.org/10.3390/su12187681.

beginning of the implementation of the *Halal* Certificate obligation for products that circulate and trade in the territory of Indonesia. BPJPH is an authorized agency to issue and revoke *halal* certificates and labels. The administration of *halal* certification is carried out at the Central BPJPH and the *Halal* Task Force at provincial offices of the Ministry of Religion throughout Indonesia to districts and cities.

The *halal* industry has become a world trend today<sup>4</sup>. This is evident from the prospect of the *halal* industry which continues to grow from year to year. According to a report from the State of the Global Islamic Report (2019), there were around 1.8 billion Muslim residents as the consumers of *halal* industry. Consumer opportunities in the *halal* industry are increasing by 5.2% annually; with total consumer spend reaching USD 2.2 trillion. This number is expected to increase every year. The projection of the Compound Annual Growth Rate (CAGR) of the *halal* industry will increase to 6.2% in the period 2018 to 2024. The total funds spent by consumers of the *halal* industry will also increase to reach USD 3.2 trillion in 2024.

Indonesia is one of the countries that have great potential to develop the *halal* industry<sup>5</sup>. Certainly, this great potential is an implication of the large number of Muslim populations in Indonesia. Indonesia accounts for 12.7% of the world's Muslim population. When viewed from its number, in 2020, it was estimated that as many as 229 million Muslim residents lived in Indonesia. The total population in Indonesia was estimated at 273 million people, so that the Muslim population was equivalent to 87.2% of the total population in Indonesia. In fact, the total spending that Indonesia spent on *halal* products was USD 218.

Economic growth is the ability of the state to maintain or increase its capacity to meet the economic needs of the people and the state. One of the economic growths is the investment and development of energy infrastructure<sup>6</sup>. In addition, industrial productivity in the agricultural, manufacturing, construction and market sectors, as well as non-market services also contribute

<sup>&</sup>lt;sup>4</sup> Rahmad Hakim, "A Review on Halal Tourism: An Analysis on the Parameters," *Jurnal Ilmiah Ekonomi Islam* 5, no. 3 (November 21, 2019): 166, https://doi.org/10.29040/jiei.v5i3.555.

<sup>&</sup>lt;sup>5</sup> Ferry Khusnul Mubarok and Muhammad Khoirul Imam, "Halal Industry in Indonesia; Challenges and Opportunities," *Journal of Digital Marketing and Halal Industry* 2, no. 1 (July 10, 2020): 55, https://doi.org/10.21580/jdmhi.2020.2.1.5856.

<sup>&</sup>lt;sup>6</sup> Rohit Apurv and Shigufta Hena Uzma, "The Impact of Infrastructure Investment and Development on Economic Growth on BRICS," *Indian Growth and Development Review* 14, no. 1 (March 12, 2021): 122–47, https://doi.org/10.1108/IGDR-01-2020-0007.

to economic growth<sup>7</sup>.

Like the economic, Islamic economics is an important part of today's global economy<sup>8</sup>. There are seven sectors of the Islamic economy that have increased significantly, namely culinary, Islamic finance, insurance industry, fashion, cosmetics, pharmaceuticals, entertainment, and tourism, where all of these sectors carry out the concept of *halal* in their products. In several countries in the world, *sharia* tourism terminology uses several quite diverse names, including *Islam Tourism, Halal Friendly Tourism Destinations, Halal Travel, Muslim-Friendly Travel Destinations, Halal Lifestyle*, and others. *Sharia* tourism is seen as a new way to develop Indonesian tourism that upholds Islamic culture and values. So far, sharia tourism is perceived as a tour to the grave (pilgrimage) or to the mosque.

There was a necessary to conduct deep overview on *halal* industry and its relation to environment conservation in the view of management. Hopefully, the products of a community industry can come from entities and cultural components in an area, so that it will affect environmental conservation. When environmental conservation can be maintained properly, local products derived from a community can be used as industrial products that will improve the quality of the economy and life of the local community. This is one of the most in *Maqashid Sharia*. Therefore, this study overviewed *halal* industry management and environment conservation in the view of *Maqashid Sharia*. Significantly, it was expected to add insight to industry players in running their business.

# METHODOLOGY

Maqashid Sharia derived from the words '*maqsud*' (goal) and sharia<sup>910</sup>. In simple terms, Maqashid Sharia is a concept which explains that Allah the Almighty has revealed sharia to humans for a specific purpose. There are three types of goals in the Shari'a, namely primary (*dharuriyyat*), secondary (*hajiyat*), and tertiary (*tahsiniyat*) goals. Primary goals (*dharuriyat*) are formulated into kulliyat al-

<sup>&</sup>lt;sup>7</sup> Deb Kusum Das et al., "What Is New about India's Economic Growth? An Industry Level Productivity Perspective," *Indian Growth and Development Review* 13, no. 1 (June 6, 2019): 11–36, https://doi.org/10.1108/IGDR-05-2018-0054.

<sup>&</sup>lt;sup>8</sup> Iwan Setiawan, "Maqashid Shariah's Criticism of the Pareto Optimum Theory," *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah* 11, no. 1 (June 18, 2020): 14–28, https://doi.org/10.18326/muqtasid.v11i1.14-28.

<sup>&</sup>lt;sup>9</sup> Ubbadul Adzkiya', "Analisis Maqashid Al-Syariah dalam Sistem Ekonomi Islam dan Pancasila," n.d., 13.

<sup>&</sup>lt;sup>10</sup> Abdurrohman Kasdi, "Actualizations of Maqāşid Al-Shariah In Modern Life; Maqāşid Al-Shariah Theory As a Method of The Development of Islamic Laws and Shariah Economics," *Justicia Islamica* 16, no. 2 (November 19, 2019): 247–68, https://doi.org/10.21154/justicia.v16i2.1666.

khamsah or five general principles or goals. These five objectives provide an actual explanation of what Allah's intention is to establish certain Shari'a laws. The five components consist of *hifzu ad-din* (maintaining religion), *hifzu an-nafs* (guarding the soul), *hifzu al-aql* (maintaining common sense/intellectual), *hifzu al-maal* (keeping property), and *hifzu an-nasl* (guarding property)<sup>11</sup>.

Ibn Ashur suggests that Maqashid Sharia has a significant role in identifying the intent of establishing sharia by Allah the Almighty<sup>12</sup>. He also plays a role in identifying the hidden causes of the determination of a law in a particular case. The goal of sharia is to improve the welfare of the community, which is the maintenance of one's faith, self, intellect, lineage, and wealth. Keeping these five points and eliminating threats to them enhances the desired public interest.

One of the components of Maqashid Sharia *dharuriyat* is *hifzu an-nasl* or protecting offspring or generations. Islam as a comprehensive religion does not only care about what happens to us. Islam also encourages us to pay attention to the future, in this case our future descendants. The prohibition against adultery, for example, has an intention to protect offspring. The authenticity of the lineage is one of the reasons why adultery is prohibited.

This study used literature review method to conduct a review on *halal* industry management and environment conservation in the view of Maqashid Sharia. The results of this literature review could certainly be used as input in strategic policies, program policies, and operational technical policies for *halal* industry. There were several stages that we used, including.



Figure 1. Systematic Review Steps

<sup>&</sup>lt;sup>11</sup> Nabila Zatadini, Syamsuri Syamsuri. "Konsep Maqashid Syariah Menurut Al-Syatibi dan Kontribusinya Dalam Kebijakan Fiskal" *Jirnal Msharif Al-Syariah* 4, no. 1 (2019): 14.

<sup>&</sup>lt;sup>12</sup> Moh. Toriquddin, "Teori Maqashid Syari'ah Perspektif Ibnu Ashur," ULUL ALBAB Jurnal Studi Islam 14, no. 2 (December 30, 2013): 184, https://doi.org/10.18860/ua.v14i2.2657.

The flow of the systematic review above was adopted from a study conducted by Sari et al<sup>13</sup>. We saw that there was potential that could be developed in this research. At the initial stage, we identified several problem formulations and research objectives, namely three sustainability factors in courier services. Next, we determine some related keywords that can be used as referential keys in the analysis to be carried out. We used several related and relevant researches in the last 5-10 years which come from several accountable, reputable and accurate journals. Mapping of research results is done by mapping some research findings and their relevance to this research. Then, the results of these studies were described and adapted to the formulation of the problem and the objectives of this study.

# RESULTS

In this section, we conducted a review on the general aspects that became the initial concept in the *halal* industry, namely the beginning of the *halal* industry in Indonesia, and the terminology of Green Industry as an industry that focuses and utilizes natural wealth/environment. These two things are expected to lead readers to the basic concepts of the *halal* industry in Indonesia.

#### The Rise of Halal Industry in Indonesia

The *halal* industry has experienced massive development<sup>14</sup>. This trend from the *halal* industry is no longer limited to food and beverages but also to pharmaceuticals and cosmetics, tourism and cultural logistics, finance and others. The global sharia and *halal* industry is projected to be worth USD 3.081 billion by 2022. In this regard, with a total population of 261 million people and 87.2% of whom are Muslim, Indonesia has a promising Muslim market potential because it consists of: from 12.7 % of the world's Muslims. Furthermore, according to the Global Islamic Economy in 2017, Indonesia is included in the top 10 Islamic industrial countries that excel in several sectors such as the Sharia Finance Sector, *Halal* Travel and *Halal* Cosmetics & Pharmacy.

Historically, Islamic thought in the past was considered by some scholars to be quite slow and tended to be outdated compared to those of

<sup>&</sup>lt;sup>13</sup> Y Sari et al., "A Systematic Literature Review for Developing Sustainability Assessment Tool: Formulating the State of the Art and Future Direction," *IOP Conference Series: Materials Science and Engineering* 703 (December 4, 2019): 012018, https://doi.org/10.1088/1757-899X/703/1/012018.

<sup>&</sup>lt;sup>14</sup> Cucu Susilawati, "Role of The Halal Industry in Recovering the National Economy in Covid-19 Pandemic," *International Journal of Nusantara Islam* 8, no. 2 (December 14, 2020): 202–14, https://doi.org/10.15575/ijni.v8i2.10807.

secular nationalists. The way they develop their self-concept in Indonesia is not as fast as expected. As a result, they are also quite behind compared to their nationalist counterparts in positioning themselves within this nation. The thing that needs to be underlined here is the fact that at a time when Muslim thinkers began to develop a clearer understanding of their own political projects or concepts in Indonesia, secular nationalist thinkers (often indifferent and sometimes strongly opposed to Islam and Muslim ideas about relations of the state with religion) are well established ideas, along with blueprints, Indonesia as a sovereign country and as a vehicle for Indonesian citizens to become modern and prosperous. As a result, Muslims have no choice but to try to accommodate their thought to the dominant paradigm of Indonesian ideas.

This understanding is important to debate of why a new *halal* industry has emerged in Indonesia. However, in today's era, Indonesian Muslims, show their clear and strong point of view on issues of the *halal* industry and the socalled *halal* lifestyle. They are also starting to realize the potential of the *halal* industry as a whole sector. They can see how the *halal* industry has experienced tremendous development and this is not only happening in Indonesia but also in the world. For example, In Malaysia, there is a growing demand for *halal* pharmaceutical products, especially from so-called pious Muslims. For Muslims, looking for *halal* goods is a must in order to get the pleasure of Allah the Almighty. Despite this widespread belief, there are only a few pharmaceutical products on the market that have the *halal* logo.

For Muslim consumers in Malaysia, in order to make sure that they have halal products, have to be patient to see the ingredients listed in the packaging. Unfortunately, this process is also not easy for most consumers because there is some information on the ingredients that consumers are not familiar with. Thus, there is a great risk that consumers may actually be in a position to lack the knowledge needed to make decisions. In other terms, they are forced to make decisions that are not fully informed. The study by Bilal Nawaz et al showed that labeling, awareness, and trustworthiness lead to imperfect knowledge in purchasing decisions of pharmaceutical products among Muslim consumers. This process is also not easy for most consumers because there is some information on the ingredients that consumers are not familiar with. Thus, there is a great risk that consumers may actually be in a position to lack the knowledge needed to make decisions. In other terms, they are forced to make decisions that are not fully informed. The study by Bilal Nawaz et al showed that labeling, awareness, and trustworthiness lead to imperfect knowledge in purchasing decisions of pharmaceutical products among Muslim consumers.

Moreover, there is a lack of studies on Islamic branding from a non-Muslim perspective. There are also ethical issues regarding Islamic branding involving non-Muslim producers. Therefore, this study was conducted among non-Muslim customers to ascertain the relationship between customer perception and customer loyalty on purchase intention. The results show that customer's perception has a close correlation with the purchase intention of an Islamic brand product. This result is relevant to the study of Sardiana and Sari<sup>15</sup>. Then, this study offers some suggestions for marketing strategies that focus on Islamic branding. One of the strategies that need to be taken is to focus on *Halal* labeling, especially *Halal* statements on product packaging as they are clearly guaranteed and issued by MUI. All of them affect the purchasing decision purchasing process. In this case,

Among Muslim consumers in Indonesia, quality is not the only factor considered when they make a decision about which product to buy<sup>16</sup>. Research shows that they will do their own 'little research' to really understand the values and advantages the product has to offer. The steps consist of looking for those who meet their needs, seeking information, evaluating other alternatives, and then ending with choosing a product and buying it. That is the reason of why socialization is necessary. This socialization ideally covers the topic of the importance of the *halal* status of the product and also the quality as an integral part of the value of the *halal* industry.

The growth rate of the global *halal* industry has shown an increase in recent years, Indonesia continues to increase its overall ranking<sup>17</sup>. Indonesia rose to fifth position in the media and recreation indicator. Sixth rank in pharmacy and cosmetics. Indonesia rose to eighth position in *halal* food. However, in general, the growth of the *halal* industry in Indonesia rose to fourth position.

There are three main components that can fundamentally and significantly affect economic growth, namely capital accumulation, growth in population, and technological progress<sup>18</sup>. These three components refer to one point, namely production. The orientation of economic growth is assumed to be locked with a pattern to continue to produce, so that the question: how will the

<sup>&</sup>lt;sup>15</sup> Anna Sardiana and Priliadhita Ayu Permata Sari, "Pengaruh Brand Image, Reference Group, Dan Religiosity Terhadap Purchase Intention (Mahasiswa) Dalam Menggunakan Jasa Perbankan Syariah Di Wilayah Jakarta Selatan," *JEBI (Jurnal Ekonomi dan Bisnis Islam)* 4, no. 2 (December 19, 2019): 167, https://doi.org/10.15548/jebi.v4i2.243.

<sup>&</sup>lt;sup>16</sup> Laras P Handoko, "The Effect of Product Quality and Delivery Service on Online-Customer Satisfaction in Zalora Indonesia," 2016, 11.

<sup>&</sup>lt;sup>17</sup> M Aulia Rachman, "Halal Industry in Indonesia: The Role of Sharia Financial Institutions in Driving Industrial and Halal Ecosystem" *Al-Iqtishad* 11 (2019): 24.

<sup>&</sup>lt;sup>18</sup> Themba G. Chirwa and Nicholas M. Odhiambo, "Macroeconomic Determinants of Economic Growth: A Review of International Literature," *South East European Journal of Economics and Business* 11, no. 2 (December 1, 2016): 33–47, https://doi.org/10.1515/jeb-2016-0009.

#### impact be?

Some efforts to pursue growth are always driven by the motivation for investment, production and consumption. This is an imbalance in viewing the relationship between natural and human resources<sup>19</sup>. This circle of activities contributes greatly to the decline in environmental quality, which in the end will create two problems, namely the shrinking of natural resources and pollution. This seems to imply to us that in order for humans to prosper, there is no "happiness for both parties".

Various environmental cases that occur today, both on a global and national scope, are largely sourced from human behavior. Cases of pollution and damage such as damage to the sea, forest, atmosphere, water, land and so on are rooted in human behavior that is irresponsible, has no concern and is only selfish. Humans are the main cause of environmental damage and pollution<sup>20</sup>.

# Green Industry: Indonesian Halal Industry

Green economy already known to the public, whereas along before the Qur'an had often discussed the relation between Islam and the environment. The ideas about a green economy are to support environmental development (pro-environment), which affects the development of the economic system towards an environmentally friendly economy. Green companies are also developing that carry the 3P jargon, namely people (related to social), profit (economic development), and planet (protection of the environment).

The root of the problem behind the emergence of a green economy is the environmental crisis caused by a shift in human lifestyles that want everything to be easy and fast. The number of single-use packaging products that are immediately thrown away is one of the consequences of changing human lifestyles. The product packaging waste is known to be environmentally unfriendly and takes tens or even hundreds of years to be decomposed by the earth.

The problem of disposing of factory and household waste that pollutes rivers and oceans also affects human health. Many marine catches contain heavy metals, so that marine catches affect the health level of consumers. Many forests are deforested due to the high demand for industrial raw materials made from

<sup>&</sup>lt;sup>19</sup> Hania Rahma et al., "Fenomena Natural Resource Curse dalam Pembangunan Wilayah di Indonesia," *Jurnal Ekonomi dan Pembangunan Indonesia* 21, no. 2 (July 13, 2021): 148–63, https://doi.org/10.21002/jepi.v21i2.1358.

<sup>&</sup>lt;sup>20</sup> Ioannis Manisalidis et al., "Environmental and Health Impacts of Air Pollution: A Review," *Frontiers in Public Health* 8 (February 20, 2020): 14, https://doi.org/10.3389/fpubh.2020.00014.

wood<sup>21</sup>, without any effort to reforest. The air quality is very poor due to pollution and the spread of greenhouse gases which contribute to carbon dioxide emissions. As a result, natural disasters are now evenly distributed in various regions, as well as damage to ecosystems, forests, and global climate change.

The core of a green economy is low carbon growth, resource efficiency, and social inclusivity, which have implications for sustainable development, energy management, a green economy in urban areas, as well as green business. This is in accordance with the values in Islamic economics, especially analyzed from the maqashid sharia point of view.

In Indonesia, *Halal* tourism has started to develop; this thing can happen because of the increasing number of normal travelers Indonesia has a lot of Sharia-inspired natural travel sites, such as breakfast-defense sites as cold as ice cream. In 2016 to be exact on October 20 and then Indonesia was successful in getting an award in the tourism sector. Indonesia was successful in earning The World *Halal* Travel Awards 2016. Besides, Indonesia also obtains a nomination of awardees in the category of World's Best *Halal* Honeymoon (Lombok Island). By this achievement, the Ministry of Tourism (KEMENPAR) has seen some potential regions to be *halal* tourism destination.

The *halal* industry can directly contribute to realizing three things in technology-based sustainable economic development; economic, social and environmental<sup>22</sup>. A strategic framework that involves the support of the international and domestic communities, accompanied by three pillars, namely the government's commitment, production capabilities, and an operational supporting ecosystem<sup>23</sup>.

Furthermore, Indonesia has added value that can strengthen the correlation of environmental protection in the development of the halal industry. Local wisdom in preserving natural resources that is embraced by the community is spread in almost all regions of the archipelago. The psychological closeness that "*you can't just act on nature*" is still the key to maintaining some of Indonesia's beautiful areas. The concept of a *halal* supply chain that monitors

<sup>&</sup>lt;sup>21</sup> Michael H. Ramage et al., "The Wood from the Trees: The Use of Timber in Construction," *Renewable and Sustainable Energy Reviews* 68 (February 2017): 333–59, https://doi.org/10.1016/j.rser.2016.09.107.

<sup>&</sup>lt;sup>22</sup> Fajar Surya Ari Anggara, "Development of Indonesia Halal Agroindustry Global Market in ASEAN: Strategic Assessment," *Al Tijarah* 3, no. 1 (June 23, 2017): 82, https://doi.org/10.21111/tijarah.v3i1.940.

<sup>&</sup>lt;sup>23</sup> Nina Herlina, "Permasalahan Lingkungan Hidup Dan Penegakan Hukum Lingkungan di Indonesia," *Jurnal Ilmiah Galuh Justisi* 3, no. 2 (May 16, 2017): 162, https://doi.org/10.25157/jigj.v3i2.93.

the processing of goods and services also pays attention to the limits of exploitation of natural resources. This includes the sustainability of ecosystems with Islamic values standards not to overdo it in production and consumption.

#### DISCUSSION

In this section, we provided a review of the management of *halal* industry governance and environmental conservation in carrying out the industrialization process by adhering to the principles of *Maqashid Sharia*.

#### Halal Industry Management and Environment Conservation

Indonesia should be the center of Islamic economic development in the world. The potential towards this goal already exists, starting from halal certification, concern for Muslim-friendly products, services that make it easier for Muslims to practice their beliefs, and many more. The strategy to achieve Indonesia's vision as the world's leading Islamic economic center is to strengthen the *halal* value chain. There are number of industries related to the needs of the Muslim community which are divided into the following clusters.

- a. Halal food and drink
- b. Halal tourism
- c. Muslim Fashion
- d. Halal Media and Recreation
- e. Halal pharmacy and cosmetics
- f. Renewable energy.

Environmental issues cannot be completely resolved by the market mechanism, when an externality occurs in the market mechanism (impact on the welfare level of third parties arising from someone's actions without being collected compensation or payment). The market mechanism tends to ignore the costs incurred by the company. Externalities arise when a person performs an activity and has an impact on others (external benefits and external costs) all of which do not require an obligation to receive or make payments. For example, in the interaction of buying and selling canned drinks. The cost of used cans has not yet been reflected in the minimum price for these cans. The nature of this externality is one of the factors in the decline in environmental function.

Environmental law is a juridical instrument for environmental management, so that it is essentially a legal field which is mainly controlled by

the rules of state administrative law or government law<sup>24</sup>. For this reason, in its implementation, government officials need to pay attention to the general principles of good governance, so that in the implementation of its policies, it does not deviate from the objectives of environmental management.

Based on the interests and developments of science, considering the importance of ecosystems for the benefit of the lives of many people, the regulations governing environmental law are increasingly being updated by implementing various aspects of existing regulations. The need for clear regulations and accommodate all aspects is increasingly needed. There are several regulations regarding environmental management in Law Number 32 of 2009 concerning Environmental Protection and Management.

#### Environmental Governance

Environmental management is basically the core of all regulations, namely the law that regulates environmental management in order to achieve harmonious relations between humans and the environment. The focus of the study on environmental planning law includes spatial planning, land use, procedures for community participation, and so on.

#### Environmental Protection

Environmental protection and management are systematic and integrated efforts carried out to preserve environmental functions and prevent environmental pollution and/or damage which includes planning, utilization, control, maintenance, supervision, and law enforcement.

#### Environmental Pollution

Environmental pollution is the entry or inclusion of living things, energy substances, and or other components into the environment, or changes in the environmental order by human activities or by natural processes so that the quality of the environment drops to a certain level which causes the environment to become less or unable to function in accordance with the designation.

The law on environmental management and protection applies in general to both the non-*halal* industry and the *halal* industry. Furthermore, in guaranteeing *halal* products, it is regulated in Law No. 33 of 2014 concerning Guaranteed *Halal* Products. In the process of applying for a *halal* certificate, it

<sup>&</sup>lt;sup>24</sup> Hongjun Cao, Haohao Shao, and Xuesen Cai, "Analysis of Environmental Law Enforcement Mechanism Based on Economic Principle," *IOP Conference Series: Earth and Environmental Science* 94 (November 2017): 012188, https://doi.org/10.1088/1755-1315/94/1/012188.

must be accompanied by the following documents: business actor data, name and type of product, list of products and materials used, product processing process. However, the document does not include activities to prevent and divert waste from the *halal* product industry.

# Halal Industry and Environmental Preservation from the Perspective of Maqashid Sharia

#### Maintenance of Religion (Hifzhu ad-din)

All Muslim scholars agree that religion should take precedence whenever enacting laws. The religion in question is, of course, Islam itself. The reason why Islam should be preserved is because Islam is a religion that cares the most about the environment. The Messenger of Allah said, "*Ju'ilat al-ardhu kulluha masjidan*," the whole earth was made into a mosque. In Ibrahim Abdul Matin's view, the *hadith* not only explains that we can pray in any place that is clean and holy, but there is an implied message to preserve nature. In other words, maintaining the Islamic religion is a reflection of the preservation of the environment itself.

#### Nurturing the Soul (Hifdzu an-nafs)

It is to maintain the right to live with honor and to protect the soul in order to avoid acts of persecution, in the form of killing, cutting off limbs or injuring. Of course, the human spirit is very high, so that in economic activities, life safety needs to be prioritized. From the UNEP definition, the economy is not only related to the environment, but also the social welfare of the community. Here, there is actually a reciprocity between the human soul and the environment itself. For example, environmental pollution caused by several industries often endangers human life. Companies that apply maqashid sharia do not only rely on green washing, as an eraser for sins or their bad image in society.

# Maintenance of Reason (Hifdzu al-Aql)

A healthy environment often helps people to think clearly and positively. This is where the go green industry plays a role in creating an atmosphere that does not disturb the minds of the people. This maintenance of reason is also often applied in various ways, such as providing scholarships for outstanding students, holding competitions in potential development or also receiving company visits conducted by students in factories for research purposes.

#### Maintenance of Offspring (Hifdzul an-Nasl)

The efficient use of resources in the green economy concept has been discussed in Maqashid Sharia. The efficient use of resources is closely related to

the maintenance of offspring. Where the efficient use of resources provides land for future generations to be able to utilize resources. we can see that Islamic Economics does not only aim to think about the benefit of the current generation, but also future generations. Industrial companies and other economic actors should always think about the long-term impact of their actions.

# Maintenance of Property (Hifdzu al-Maal)

A healthy economy always generates profits in the right way. And prevent economic activities that can tarnish personal property and property of others such as Tadlis, Gharar, Riba and others. In order of khamsah kulliyah (five maintenances). The majority of scholars agree to place wealth in the last order. This is different from the triple bottom line concept which puts profit in the first place. This is where the difference between the concept of green economy driven by conventional economics and the Maqashid Sharia concept of Islamic economics. If conventional economics is profit oriented, Islamic economics is *falah* oriented.

From the explanation of the five maintenances above, we can conclude that the principle, low carbon is basically in line with the Maintenance of the soul and mind. The principle of Resource efficient is also in line with the maintenance of offspring and property. And the Socially inclusive principle is found in all five maintenances in the Maqashid Sharia concept, so that it is clear that green economy activities are actually economic activities that prioritize the maintenance of religion, soul, mind, property, lineage, and property. Even preserving the environment is the same as maintaining the five basic goals of Islam (Maqashid Sharia). Because, the five basic goals can be realized if the environment and the universe support it. Therefore, maintaining the environment is the same as Maqashid Sharia.

Islam also strongly recommends the preservation of animal resources. There are several concepts of preserving animal resources in Islam<sup>25,26</sup>. First, in addition to consumption purposes, the majority of animals that are allowed to be consumed in Islam are animals that have a large enough population, not including rare animals with only a small population. Second, the Shari'a also does not allow animal abuse. Third, Islam recommends caring for animals by giving them freedom of life or providing the necessities of life for animals, if the

<sup>&</sup>lt;sup>25</sup> Sira Rahman, "Religion and Animal Welfare—An Islamic Perspective," *Animals* 7, no. 12 (February 17, 2017): 11, https://doi.org/10.3390/ani7020011.

<sup>&</sup>lt;sup>26</sup> Fachruddin Majeri Mangunjaya and Gugah Praharawati, "Fatwas on Boosting Environmental Conservation in Indonesia," *Religions* 10, no. 10 (October 12, 2019): 570, https://doi.org/10.3390/rel10100570.

animals are in their possession. Fourth, in the rules for killing animals, Islam only prioritizes animals that are classified as dangerous animals (*al-fawasiq al-khams*) and similar animals, namely animals that disturb or attack humans.

In a number of verses of the Qur'an, Allah the almighty repeatedly asserts that He alone is the ultimate owner of the universe. Allah the Almighty is the owner who has absolute control over the management and management rights of nature. Humans are only given permission to live in it for a while, in order to carry out the mandate as His representative on earth. In short, human ownership of the universe is only a mandate or deposit which in time must be returned to its owner. For this reason, as the recipient of the deposit, it is appropriate to return the deposit in its original condition.

Human negligence and incompetence are one of the main causes of environmental damage. To overcome this, humans must change their behavior and perspective on nature. Keraf emphatically stated: "Humans mistakenly view nature and misplace themselves in the context of the whole universe". God's mandate to humans should be read within the framework of *istikhlâf* (caliphate duty), namely managing the earth with full responsibility. According to Gassing, the command to manage the environment should be understood as God's *taklf* (burdening) to humans (*mukallaf*) including the obligation to maintain and prohibition of damaging the environment which must be obeyed.

#### CONCLUSIONS

It was important to protect the environment as well as maintaining the five basic goals of Islam (*Maqashid Sharia*). Because, the five basic goals can be realized if the environment and the universe support it. Therefore, maintaining the environment is the same as *maqashid al-syari'ab*. With sharia control, the economy aims to achieve four main things; (1) target results, namely profit (material) and benefit (non-material), (2) growth, meaning that it continues to increase, (3) sustainability, for as long as possible, and (4) blessing or the pleasure of Allah the Almighty.

The purpose of the company or business actor is not only to seek profit (*qimah madiyah* or material value) as much as possible, but also must be able to obtain and provide non-material benefits (profits or benefits) to the company's internal and external organizations (environment), both through community empowerment and environment in a systematic, planned and sustainable manner, so that the result is the survival of the blessing of life.

Economic dissemination with the universal values of *Maqashid Sharia* (linking environmental issues with aspects of sharia objectives) in fiqh al-bi'ah resulted in a decrease in the passive attitude of the community. The basis of the

green economy on the problem of inequality caused by the unequal distribution of green production factors can be overcome based on the principles of al-adl (justice), Maslahah (public interest) and Musawah (equality). Various obstacles that arise will be overcome, because the purpose of the Shari'a is a concept based on the guidelines set by the Creator.

This study was limited only on the discussion of *halal* industry management and its relation to environmental conservation as well as the significance of *halal* certification on *halal* products produced from a community with their environment. Future studies were expected to analyze a sample of *halal* industry that has developed in the community for the purpose of evaluation in the context of local areas in Indonesia that still engage with environment and cultural observation.

# REFERENCES

- Adzkiya' Ubbadul. "Analisis Maqashid Al-Syariah dalam Sistem Ekonomi Islam dan Pancasila," In *Jurnal Ekonomi Syariah Indonesia*, 10: 23-35. 2020.
- Anggara Fajar Surya Ari. "Development of Indonesia Halal Agroindustry Global Market in ASEAN: Strategic Assessment." In *Al Tijarah* 3: 65-78. 2017.
- Apurv Rohit, and Shigufta Hena Uzma. "The Impact of Infrastructure Investment and Development on Economic Growth on BRICS." In Indian Growth and Development Review 14: 122–47. 2021.
- Cao Hongjun, Haohao Shao, and Xuesen Cai. "Analysis of Environmental Law Enforcement Mechanism Based on Economic Principle." In *IOP Conference Series: Earth and Environmental Science* 94: 1-5. 2017.
- Chirwa Themba G, and Nicholas M. Odhiambo. "Macroeconomic Determinants of Economic Growth: A Review of International Literature." In South East European Journal of Economics and Business 11: 33–47. 2016.
- Das Deb Kusum, Suresh Chand Aggarwal, Abdul Azeez Erumban, and Pilu Chandra Das. "What Is New about India's Economic Growth? An Industry Level Productivity Perspective." In *Indian Growth and Development Review* 13: 11–36. 2019.
- Hakim Rahmad. "A Review on Halal Tourism: An Analysis on the Parameters." In *Jurnal Ilmiah Ekonomi Islam* 5: 166-172. 2019.

- Handoko Laras P. "The Effect of Product Quality and Delivery Service on Online- Customer Satisfaction in Zalora Indonesia," In *Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi* 4: 1189-1199. 2016.
- Herlina Nina. "Permasalahan Lingkungan Hidup Dan Penegakan Hukum Lingkungan di Indonesia." In *Jurnal Ilmiah Galuh Justisi* 3: 1-16. 2017.
- Kasdi Abdurrohman. "Actualizations of Maqāşid Al-Shariah in Modern Life; Maqāşid Al-Shariah Theory as a Method of The Development of Islamic Laws and Shariah Economics." In *Justicia Islamica* 16: 247–268. 2019.
- Kurniasih Erni Panca. "Effect of Economic Growth on Income Inequality, Labor Absorption, and Welfare in Indonesia." In *Economic Journal of Emerging Markets* 9: 181–188. 2017.
- Mangunjaya Fachruddin Majeri, and Gugah Praharawati. "Fatwas on Boosting Environmental Conservation in Indonesia." In *Religions* 10: 1-14. 2019.
- Manisalidis Ioannis, Elisavet Stavropoulou, Agathangelos Stavropoulos, and Eugenia Bezirtzoglou. "Environmental and Health Impacts of Air Pollution: A Review." In *Frontiers in Public Health* 8: 1-13. 2020.
- Mubarok Ferry Khusnul, and Muhammad Khoirul Imam. "Halal Industry in Indonesia; Challenges and Opportunities." In *Journal of Digital Marketing and Halal Industry* 2: 55-64. 2020.
- Rachman M Aulia. "Halal Industry in Indonesia: The Role of Sharia Financial Institutions in Driving Industrial and Halal Ecosystem" In *Al-Iqtishad* 11: 35-58. 2019.
- Rahma Hania, Akhmad Fauzi, Bambang Juanda, and Bambang Widjojanto. "Fenomena Natural Resource Curse dalam Pembangunan Wilayah di Indonesia." In *Jurnal Ekonomi dan Pembangunan Indonesia* 21: 148–163. 2021.
- Rahman Sira. "Religion and Animal Welfare—An Islamic Perspective." In Animals 7: 1-6. 2017.
- Ramage Michael H, Henry Burridge, Marta Busse-Wicher, George Fereday, Thomas Reynolds, Darshil U. Shah, Guanglu Wu, et al. "The Wood from the Trees: The Use of Timber in Construction." In *Renewable and* Sustainable Energy Reviews 68: 333–359. 2017.
- Rosana Mira. "Kebijakan Pembangunan Berkelanjutan Yang Berwawasan Lingkungan di Indonesia" In Kelola: Jurnal Sosial Politik 1: 148-163. 2018.
- Sardiana Anna, and Priliadhita Ayu Permata Sari. "Pengaruh Brand Image, Reference Group, Dan Religiosity Terhadap Purchase Intention

(Mahasiswa) Dalam Menggunakan Jasa Perbankan Syariah Di Wilayah Jakarta Selatan." In *JEBI (Jurnal Ekonomi dan Bisnis Islam)* 4: 167-179. 2019.

- Sari Y, A Hidayatno, A Suzianti, and M Hartono. "A Systematic Literature Review for Developing Sustainability Assessment Tool: Formulating the State of the Art and Future Direction." In *IOP Conference Series: Materials Science and Engineering* 703: 1-7. 2018.
- Setiawan Iwan. "Maqashid Shariah's Criticism of the Pareto Optimum Theory." In *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah* 11: 14–28. 2020.
- Stofkova Zuzana, and Viera Sukalova. "Sustainable Development of Human Resources in Globalization Period." In *Sustainability* 12: 1-14. 2020.
- Susilawati Cucu. "Role of The Halal Industry in Recovering the National Economy in Covid-19 Pandemic." In International Journal of Nusantara Islam 8: 202–214. 2020.
- Toriquddin Moh. "Teori Maqashid Syari'ah Perspektif Ibnu Ashur." In ULUL ALBAB Jurnal Studi Islam 14: 194-212. 2013.
- Zatadini Nabila, Syamsuri Syamsuri. "Konsep Maqashid Syariah Menurut Al-Syatibi Dan Kontribusinya Dalam Kebijakan Fiskal" In *Jurnal Masharif Al-Syariah* 4: 1-14. 2019.