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SHARIA ECONOMY AS A SYSTEMIC SOLUTION TO ERADICATING CORRUPTION: BUILDING TRANSPARENCY AND ACCOUNTABILITY BASED ON ISLAMIC VALUES

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Abstract

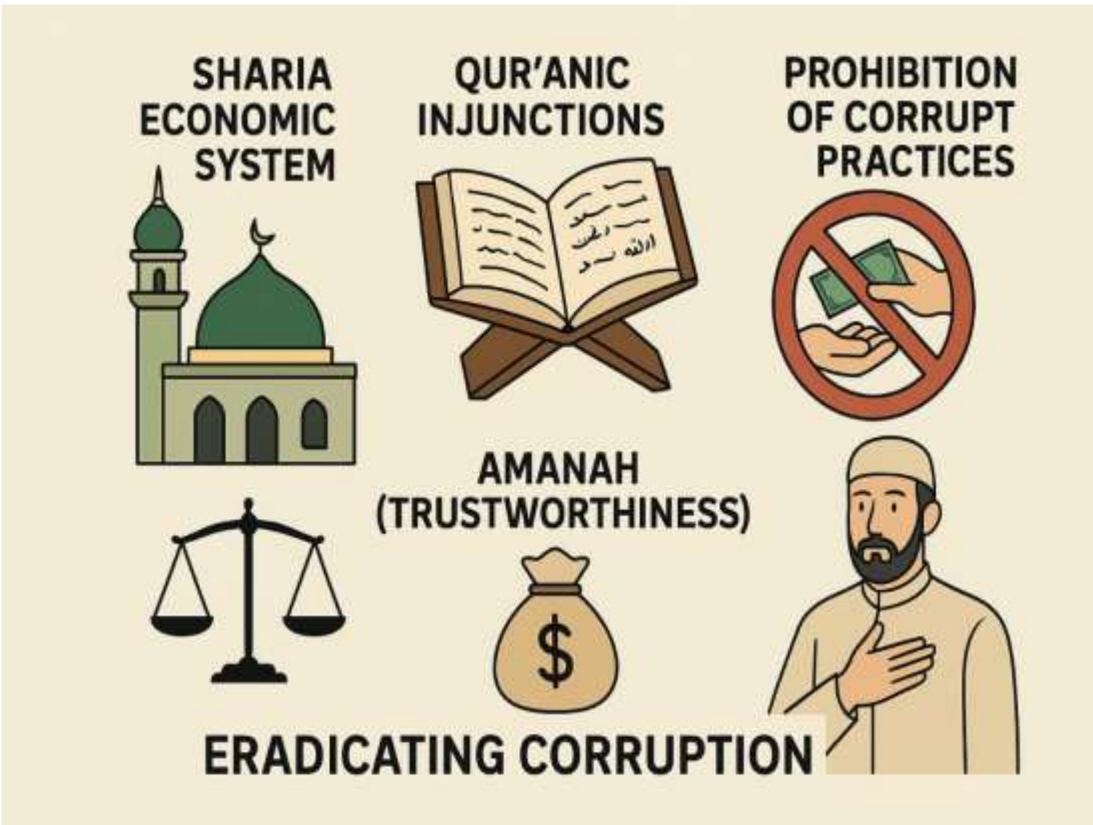
Corruption is a systemic problem that undermines economic development, erodes public trust, and distorts resource allocation. Although various efforts have been made to address it, corruption remains entrenched in many countries due to the lack of a moral and institutional framework that ensures transparency and accountability. This paper explores Islamic economics as a systemic and value-based solution to eradicate corruption. Rooted in Islamic principles such as trust (amanah), justice (‘adl), accountability (hisbah), and public welfare (maslahah), the Sharia economic system not only regulates transactions but also promotes integrity and spiritual awareness. Using qualitative methods supported by descriptive analysis, this research outlines how Islamic financial governance, zakat institutions, Sharia-compliant public audits, and ethical leadership models offer practical mechanisms to reduce corruption. This paper also discusses historical Islamic governance practices that demonstrate successful anti-corruption models and provides recommendations for the adaptation of contemporary policies. The findings indicate that the Sharia economy has the potential to promote a culture of accountability and integrity, making it a viable alternative in combating corruption in Muslim-majority countries and beyond.

Keywords: ***Sharia Economy, Corruption, Transparency, Accountability, Islamic Values***

1. INTRODUCTION

Corruption has long been a persistent and deeply rooted barrier to achieving economic justice and equitable development, particularly in emerging economies and countries with a Muslim-majority population. It erodes public trust, weakens institutions, distorts resource allocation, and hampers national progress. Despite numerous reforms, regulatory frameworks, and anti-corruption campaigns introduced by many governments and international organizations, the problem remains pervasive. This condition reveals a critical shortcoming of conventional systems in addressing not only the structural but also the moral dimensions of corruption. The absence of spiritual values and ethical internalization within conventional governance models calls for a deeper exploration of alternative, value-based systems that emphasize integrity, justice, and accountability. The “Sharia economic system rooted in the Qur'anic injunctions” and the Prophetic traditions (sunnah) presents such an alternative. It is not merely a technical system for regulating finance and commerce, but a comprehensive ethical framework that integrates spiritual consciousness with socio-economic responsibility. Islamic economics seeks to establish an environment where honesty, fairness, and public welfare (maslahah) are prioritized over self-interest and material accumulation. In Islam, corruption in any form whether bribery, embezzlement, or abuse of authority is classified as a major sin (kabair) that leads to societal decay and divine displeasure.
As clearly stated in “Surah Al-Baqarah (2:188)”:

"And do not consume one another's wealth unjustly or send it (in bribery) to the rulers in order that (they might aid) you (to) consume a portion of the wealth of others while you know (it is unlawful)." This verse underscores the "prohibition of corrupt practices" and sets a divine standard for ethical conduct in economic affairs. The concept of "amanah (trustworthiness)" is central to Islamic teachings, requiring individuals especially those in positions of power and influence to uphold responsibility with full integrity, as they are ultimately accountable not just to society, but also to Allah. This paper, therefore, seeks to examine how the "Sharia economic system" can serve as a "systemic and holistic solution" to eradicate corruption. It investigates how Islamic values when institutionalized within economic structures can foster a culture of transparency, strengthen accountability mechanisms, and promote ethical governance. By analyzing both historical and contemporary examples of Islamic governance and finance, the paper will highlight the potential of Sharia-based frameworks in creating a more just and corruption-free society.



2. RESEARCH METHODS

This study utilizes **qualitative-descriptive research** methods, focusing on the systematic analysis of Islamic economic principles, relevant literature, and best practices derived from both classical Islamic governance and modern sharia-compliant institutions. This approach is chosen because it allows for an in-depth exploration of normative frameworks, ethical foundations, and structural mechanisms that underpin the Sharia economic system in relation to anti-corruption efforts. Data is primarily drawn from secondary sources, including Islamic jurisprudence (fiqh muamalah), government policy reports, peer-reviewed academic journals, and case studies on the implementation of zakat, waqf, and other Islamic financial systems. These sources provide a comprehensive foundation to understand the theoretical and practical dimensions of transparency and accountability in Islamic economics. Furthermore, the study employs a **comparative analytical framework** to contrast conventional anti-corruption strategies typically based on legalistic and punitive measures with the "value-based and spiritually anchored approach" of Islamic teachings. This comparison aims to highlight both the limitations of secular systems and the strengths of the Sharia framework in cultivating ethical economic governance.

In addition, **content analysis** is used to interpret textual evidence from the **Qur'an, hadith, and classical Islamic political thought**, including works by scholars such as Al-Mawardi, Al-Ghazali, and Ibn Khaldun. This is essential for identifying deeply embedded anti-corruption values and institutional mechanisms within the Islamic tradition. To enrich the contextual understanding, this study also considers examples from **contemporary Islamic financial institutions**, such as BAZNAS, LAZ, and Islamic microfinance models, which have adopted modern technologies for transparent fund distribution. These practical insights strengthen the relevance of Sharia economic principles in present-day governance and policy reform. Overall, the methodology combines **textual, conceptual, and contextual analysis** to build a comprehensive view of how Islamic economics can function as a systemic solution in the eradication of corruption

3. RESEARCH AND DISCUSSION

3.1. Principles of Sharia Economy Against Corruption

The Sharia economy is rooted in values that fundamentally contradict and resist corrupt behavior. These principles are not only theoretical constructs but are meant to be practiced in every dimension of economic life.

- **Amanah (Trust):** This principle obligates individuals, especially those entrusted with wealth, authority, or public service, to act with sincerity, transparency, and integrity. Violation of amanah is not only a breach of public responsibility but also a spiritual offense in Islam. In the modern context, this principle supports the implementation of systems such as asset declaration, internal controls, and ethical leadership.
- **Adl (Justice):** Justice is a core aim of Islamic law (maqashid al-shariah). It requires fairness in distribution, equal access to opportunity, and impartiality in governance. In economic practice, it reflects in fair taxation, equitable resource allocation, and anti-monopoly regulations. Corruption, which distorts justice, is considered a direct violation of this principle.
- **Hisbah (Moral Oversight):** Hisbah is a historical institution in Islamic governance responsible for supervising markets, ensuring fair practices, and preventing fraud and injustice. The role of the muhtasib is comparable to modern regulatory agencies and anti-corruption commissions. The institutionalization of hisbah can serve as a preventive measure against ethical misconduct in both public and private sectors.
- **Maslahah (Public Welfare):** Islamic governance prioritizes the welfare of the community. Any policy or action that harms society whether through embezzlement, bribery, or misuse of authority is inherently rejected. The pursuit of maslahah promotes policies that uphold justice, remove hardship, and protect public resources from exploitation.

These principles, when embedded into legal, institutional, and cultural frameworks, can create a robust system that actively deters corruption and fosters ethical conduct.

3.2. Institutional Mechanisms

Sharia economic mechanisms provide concrete frameworks that promote transparency, accountability, and fairness:

- **Zakat and Waqf Management:** As tools of social justice and redistribution, zakat and waqf require high levels of trust from the community. Mismanagement of these funds equates to betrayal (khiyanah) in Islamic law. The adoption of modern digital systems such as online zakat portals and blockchain for waqf endowments has improved traceability, minimized leakages, and empowered donors with access to real-time financial reporting. These technologies reflect how Islamic institutions can evolve while upholding core values.
- **Islamic Public Finance:** Islamic teachings regard public funds as sacred trusts. Any misuse of public resources is categorized as ghulul (embezzlement), which carries both worldly penalties and spiritual consequences. Islamic public finance encourages transparency in budgeting, public participation in planning (based on shura), and responsible taxation. Implementation of open budget initiatives and participatory audits can mirror the Islamic value of openness (kasyf).
- **Islamic Corporate Governance:** Modern Islamic businesses are expected to integrate ethical practices and Sharia compliance in every corporate layer. The presence of **Sharia Supervisory Boards (SSB)** ensures adherence to Islamic principles, while regular **sharia audits** and **ethical disclosures** promote internal accountability. These mechanisms reduce opportunities for fraudulent reporting, unethical investments, and managerial corruption. Many Islamic financial institutions also publish **sharia audit reports** to build public trust and uphold institutional integrity.

3.3. Historical Cases

The early Islamic governance model under the leadership of the righteous caliphs showcases practical examples of anti-corruption systems:

- Under **Caliph Umar ibn al-Khattab**, every appointed governor or public official was required to disclose personal wealth before and after their service, a mechanism similar to modern-day financial transparency regulations. Regular inspections were carried out to detect signs of corruption or abuse of power. Umar also personally held his governors accountable and was known for swiftly replacing those found guilty of negligence or misconduct.
- **The Umayyad and Abbasid dynasties** further institutionalized governance mechanisms such as **Diwan al-Mazalim** a grievance court that allowed the public to file complaints against state officials. In some cases, the caliph himself presided over such courts, ensuring high-level accountability. The usage of **public witnesses**, **notaries**, and **contract enforcement systems** during this period also contributed to the prevention of economic abuse and contractual dishonesty.
- These cases demonstrate that corruption was not only discouraged but actively prosecuted under Islamic governance, rooted in the belief that leaders are ultimately accountable to Allah and the people.

3.4. Modern Adaptation and Challenges

Although the foundational principles and structures are present in Islamic teachings, translating them into contemporary state systems poses several challenges:

- **Integration into National Legal Systems:** In many Muslim-majority countries, Islamic economic principles exist in parallel with secular governance systems. The lack of harmonization often results in policy inconsistency and weak enforcement of Islamic ethical standards.
- **Resistance from Bureaucracy and Political Elites**: Entrenched interests often resist reforms that could reduce opportunities for illicit gain. Anti-corruption measures based on Islamic values may be viewed as a threat to corrupt networks or status quo power structures.
- **Limited Institutional Capacity**: Despite the existence of Sharia-compliant financial institutions, many still struggle with professional capacity, inadequate regulation, and insufficient integration with government systems. This leads to fragmented accountability.
- **Public Awareness and Cultural Shift:** Educating the public on Islamic ethics in governance is essential. Without a moral culture that condemns corruption as both a legal and religious crime, systemic change is difficult. Strengthening **Islamic financial literacy** among youth, civil servants, and community leaders is crucial for long-term change.

Even so, countries like **Malaysia, Indonesia,** and **the UAE** have made commendable progress. Initiatives like **digital zakat reporting, Islamic social finance integration**, **and Islamic governance standards for financial institutions** illustrate growing institutional commitment. With ongoing innovation and strong political will, Islamic economies can model systems that are both spiritually grounded and administratively transparent.

4. CONCLUSION

The Sharia economy offers more than just a religious framework; it presents a **systemic, value-based solution** to combat corruption. By promoting integrity, enforcing accountability through both spiritual and institutional means, and fostering a strong sense of social responsibility, Sharia economic principles can serve as a strong foundation for transparent governance. Unlike conventional approaches that often rely solely on punitive legal mechanisms, the Sharia economy embeds ethical behavior at the heart of all financial and governance activities. Its principles emphasize **preventive ethics, encouraging individuals to internalize honesty and justice as forms of worship and moral obligation. This creates not just external compliance but internal motivation** to avoid corruption rooted in taqwa (God-consciousness) and fear of divine accountability.Moreover, Sharia-based institutions like zakat, waqf, and Islamic financial systems demonstrate how **resource distribution can be managed transparently** and equitably, ensuring that public funds are used solely for the benefit of the community. The historical precedents of Islamic governance show that mechanisms such as asset declarations, public oversight, and grievance courts were already practiced centuries ago and remain relevant today.

However, for the Sharia economy to function effectively as an anti-corruption tool, it requires **institutional integration**, **strong political will, and public education**. Governments in Muslim-majority countries must work towards harmonizing legal frameworks with Islamic ethical standards, while also investing in leadership development and financial literacy based on Islamic values. In conclusion, integrating the values of amanah, ‘adl, hisbah, and maslahah into economic and governance systems can create an ecosystem that is not only resistant to corruption but also actively cultivates justice, prosperity, and collective well-being. The Sharia economy, when applied holistically, holds the potential to transform societies into transparent, ethical, and accountable communities.

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