



PRODUCTION IN ISLAMIC ECONOMICS AND ITS PRINCIPLES

Berdiyarov Ilhom Hayrullayevich

Researcher, International Islamic Academy of Uzbekistan

ilhomberdiyarov@gmail.com

i.berdiyarov@iiiau.uz

Article history:	Abstract:
Received: 24 th April 2024 Accepted: 14 th May 2024	This paper explains the definition of production and its importance for the economy. It elaborates the essence of production in Islamic economy and the meaning of the verses about production. The principles of production in Islamic economics are explained through examples. It is shown their importance in ensuring economic and social well-being, environmental protection, and effective use of resources.

Keywords: production, resources, means of production, Islamic economics, humanity, equality, responsibility

INTRODUCTION

Production is an important economic activity in the economy. Because if there is no production activity, distribution, exchange and consumption activities cannot be carried out.

From an economic point of view, production is a recurring economic activity related to the preparation/creation of a specific good or service using production factors (work, capital, land). In addition to this definition, the process of increasing the value of an existing product or an object, by means of processing can also be recorded as production. In short, production can be defined as the creation of useful value.

MATERIALS AND METHODS

While production in traditional economics refers to the process of creating something, such as a commodity, in Islamic economics, this concept is seen as a process of ensuring justice and profit to the producer and consumer. This means that the product, created as a result of production or the service provided is aimed at benefiting people and ensuring their well-being.

Researchers have expressed the equivalent of the term production in Islamic economics with words such as "kasb", "intaaj".

From the perspective of Islamic economics, all factors of production are created for human use. Therefore, humanity is required to manage these resources wisely. The main condition in this not to harm the Earth and its living and non-living things.

According to Imam Shatibi, benefit is achieved by maintaining the five elements in human life. These are: religion, reputation, mind, offspring, property. Therefore, in the Islamic economy, producers are directed to produce goods or provide services by paying attention to the preservation of these five elements, taking into account ethical aspects in production.

RESULTS

It is necessary not to use prohibited types of raw materials during the production of goods. This aspect applies equally to the production process of tangible and intangible goods. That is, the production of goods that harm people's physical health, as well as the provision of goods and services that have a negative effect on their mental state, mind, and morals - are equally prohibited.

Issues related to the production process are mentioned in several verses and hadiths. In particular, Surah Hud, verse 37, it is said: "Build the ship under Our observation and revelation (order)...". Shipbuilding involves the creation of new goods that benefit people using natural resources (wood, glue, iron, etc.). Nowadays, shipbuilding has been greatly improved and has been accepted as an important and relatively cheap form of transport in international trade.

Also, in Surah Anbiyya, verse 80, it is said: "We taught him (Dawood) the art of making armor that will prevent you from harm." Here, too, the importance of making and producing goods that protect people from various harms is emphasized. For example, through the production of means of protection against hot or cold weather, flood or fire, an economic activities are organized and goods necessary for people's needs are supplied.

In addition to the examples given above, Qasos verse 38, Hadid verse 25, Saba' verse 11 also describe aspects related to production.

DISCUSSION

Production activities in Islamic economy are based on several principles.

The first is the principle of monotheism, which requires the organization of this activity based according to the prohibitions, rules and laws established by God. This means organizing the production process on the basis of the most advanced methods-technologies, at the level of preparation of high-quality, halal-pure



products that do not harm the human and animal world, as well as the environment. The source of the capital to be attracted for the organization of production should not be found in ways such as gharar, rib or maysir. Corporate governance should be established in such a way that it should ensure healthy and sustainable growth of the business. In the organization of the production mechanism, it is necessary to use methods such as business feasibility analysis and risk management. Zakat, almsgiving and other donations are carried out at the level of the enterprise and employees in accordance with the established conditions and procedures.

The second is the principle of humanity (humanism), according to which production activity is not only an economic process, but also involves the interaction of people, as well as the relationship between man and nature. In addition, this principle serves to improve people's well-being and preserve their lives. In this principle, the production activity is aimed at increasing the well-being of not only certain people, but also all people, regardless of their nationality, race, religion, class. The production would satisfy their primary needs (hajiyat). The right to manage economic resources and to benefit from them belongs to all people, and its implementation is organized by the popular state policy. Profit maximization should be done along with increasing social assistance to those in need. Production of goods and services that harm people's physical and mental health is prohibited.

The third is the principle of justice/equality, according to which treating everyone fairly increases productivity and people's standard of living. Proper distribution of wealth (zakat), optimization of labor supply, paying attention to the rights of workers and companies, setting prices according to the ability of consumers to pay (preventing monopolies) are examples of the forms of this principle.

There are two approaches to the concept of justice in production. 1) the parties involved in the production activity receive the profit in proportion to their contribution. This approach refers to the relationship between the worker and the owner of the means of production. For example, in an enterprise where work is organized in several shifts, working hours, intensive order fulfillment and social protection of workers must be in a mutually balanced state. 2) it is necessary to ensure the rights of society and consumers as beneficiaries of the production process. Profit sharing mechanisms such as Musharaka and Mudarabah should be used in the management of capital and funds. It is important to organize production that provides

employment to people with disabilities. The principle of justice also applies to the issue of rational use of natural resources. Therefore, the duration of sustainable production depends on the extent to which the principle of justice is followed.

The fourth is the principle of usefulness. This principle is based on the idea that people should do as much useful work as possible in their lives. This principle has vertical and horizontal dimensions. The vertical dimension means that every good deed is rewarded by Allah, while the horizontal dimension means the good deeds done towards people and the environment. This principle includes the main content of production in the Islamic economy, in particular, the improvement of human life and its quality level. Accordingly, producers do not exploit natural resources indiscriminately, but use them taking measures to preserve or restore resources. The principle of utility motivates people to create efficient and balanced methods of research, production and distribution.

The fifth is the principle of freedom and responsibility. According to him, people are free to conduct production or service activities, to increase their capital and production volume in an honest way, and at the same time, in the implementation of these activities, they should also feel responsibility towards people and the environment. The concept of corporate social responsibility is a shining example of this.

The principles listed above are strictly required in Islamic economy, and their practical application is a factor that has a real impact on production efficiency, and in particular, on the well-being of human life.

CONCLUSION

To conclude, in Islamic economics, there are two components that producers try to achieve. The first is the profit from the production of tangible and intangible goods. The second is the effect of manufactured goods. Manufacturers are prohibited from overworking their workforce and are required to protect workers' rights. It is prohibited to reduce the wages of workers in order to achieve more profits by reducing production costs. In this case, the company pays more monthly wages, but at the same time, it is possible to achieve more profits in the long term due to increased efficiency, retention of values and loyalty of workers. In addition, buyers' attention to this enterprise increases and a positive image of the enterprise is formed among consumers.

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