

The Role of Islamic Economy in the Era of the Industrial Revolution 4.0 in Indonesia

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Abstract

In Indonesia, the emergence of the Islamic economy is happening extremely quickly. In order to address the concerns of global leadership in eradicating poverty, resolving conflicts, and addressing climate change in the form of concrete action, various perspectives in the field of Islamic economics in Indonesia that are connected to the Sustainable Development Goals (SDGs) themselves have been developed. creation of a more comprehensive set of measurable goals for achieving sustainable development that balances its three pillars of environmental, social, and economic sustainability. Al-Falah (holistic prosperity) and Maqasid al-Sy,ariah are two philosophical and operational aims of Islamic economics, as are developing faith, fostering maslahah, limiting wealth concentration, avoiding risky ventures, and ensuring equal distribution. The four primary applications of the Islamic Economy. The purpose of this study is to explain the perspective of Islamic economics towards the era of the industrial revolution 4.0. This research method uses a library approach that originates from books and journals that are appropriate to the topic and research focus.

Keywords: Islamic Economics, Issues and Industry 4.0.

1. Introduction

The Industrial Revolution 4.0 has fundamentally changed the way humans think, live and relate to one another. This era will disrupt various human activities in various fields, not only in the field of technology, but also in other fields such as economics, social and politics (Trisyanti & Prasetyo, 2018).

Human civilization is expanding along with science and technology growth. Prior to a few years ago, the majority of human life's activities, including social, economic, religious, and other endeavors, were conducted and took place physically. Today, however, most or nearly all of these activities cannot be separated from technological elements because they are conducted through cyberspace (online). Life in the digital era is the term used to describe this trend.

Islamic economics, also known as sharia economics, with its concepts derived from sacred teachings, is increasingly demonstrating its truth and relevance, according to current developments and realities in the field. These changes in patterns and forms of life activities, which are currently occurring in an entirely digital manner, are one such development. considering these events.

The perspective of Islamic/Islamic economics is used as an unlimited attraction, humans are given the freedom to develop the potential that exists in Islamic economics, especially in Indonesia. Allah SWT created this universe completely given to humans and it will never run out, this is because what is contained in this universe contains a lot of potential wealth that has not been fully

explored by humans. Therefore, humans are required to explore the natural wealth contained therein which has no limits, so that an attitude arises that has creativity in discovering new things that are manifested to meet the needs of every human being. Everything that was created by Allah SWT on this earth and this universe is used and utilized for humans, so that all of Allah's creations for humans are not wasted (Ridwan, 2010, p. 18)(Ahyani & Slamet, 2021).

If we return to the pages of history, from the beginning Islamic law has been confronted with the process of developing human thought in the context of finding new methods to improve life's welfare. Changes towards development in the direction of progress will cause many new problems in various fields, especially in the economic, social, cultural, science and technology fields, which previously had not been thought of by the mujtahid, are now starting to emerge (Peristiwo & Hadi, n.d.). The Industrial Revolution 4.0 caused enormous changes in life which can raise big questions about human existence and true human nature. In this case, the problem to be raised in this study is to look at the perspective of Islamic economics in the era of the industrial revolution 4.0.

2. Method

The method used in writing this scientific article is qualitative with the type of literature study research or literature review. The library method is a type of qualitative research method where the location and place of research is carried out in libraries, documents, archives, and the like (Siyoto & Sodik, 2015) . Literature studies can be obtained from various sources, journals, documentation books, the internet and relevant literature on the perspective of Islamic economics and the Industrial Revolution 4.0.

3. Discussion

1. Islamic Economics

Islam's notion of economic development, which is founded on an understanding of shari'ah, is primarily drawn from the Al-Qur'an and the Hadith. This approach emphasizes that success in development involves both knowledge of traditional and modern development concepts as well as experience. countries that have made progress in their efforts to develop.

According to Yusuf Qhardawi (2004), that Islamic economics has three principles, namely monotheism, morality, and balance. It is well known that the first two principles are principles that do not exist in the conventional, the principle of balance in the conventional is in practice the principle that causes the conventional itself to be kept. Islamic economics is called the human economy, because this economy is aimed at and carried out for human prosperity, according to Chapra, this economy is called monotheism. Faith is very important in Islamic economics, because it can directly affect a person's personality, lifestyle, perceptions, and lifestyles of humans (Aziz, 2015)

Development in Islamic thought originates from the word 'imârah or ta'mîr, (as indicated in Q.S. Hud: 61. '...He (Allah) has created you from earth (soil) and asked you to prosper it...' associated with the creation of humans as caliphs on earth, Q.S. al-Baqarah: 30. 'And when your Lord said to the angels:

Verily I have made a caliph on earth...' namely humans who are assigned to carry out development, so that prosperity is created.

Development (development) is a process of change that includes all social systems, such as politics, economy, infrastructure, defense, education and technology, institutions, and culture (Alexander 1994). Portes (1976) defines development as economic, social and cultural transformation. Development is a process of planned change to improve various aspects of people's lives.

While the term economic development is usually associated with economic development in developing countries. Some economists interpret this term as follows, "economic development is growth plus change" (Economic development is economic growth followed by changes in the structure and style of economic activity).

Islamic economics basically views that economic growth is part of economic development. Economic growth is defined as a sustained growth of a right kind of output which can contribute to human welfare. (Continuous growth of factors of production properly capable of contributing to human welfare). Based on this understanding, economic growth according to Islam is a thing that is full of value. An increase experienced by a factor of production is not considered as economic growth if such production includes, for example, goods which are proven to have adverse effects and are harmful to humans.

Meanwhile, the term economic development referred to in Islam is the process of alleviating poverty and provision of ease, comfort and deficiency in life.

The development of economic development according to Islam is multi-dimensional which includes both quantitative and qualitative aspects. The goal is not solely material welfare in the world, but also welfare in the hereafter. Both according to Islam are integrated integrally (Fitria, 2016).

When the Prophet Muhammad SAW died in 362 AD, he had conveyed the Qur'an in its entirety and had explained its contents according to the needs of the people at that time. Thus, the Al-Qur'an and the Sunnah of the Prophet Muhammad are sufficient as a guide for the community regarding their daily lives. However, for people who are far from the Prophet, of course this situation is a difficult thing. For this reason, the Prophet Muhammad allowed people who have the ability to perform *ijtihad* to perform *ijtihad*. If we return to the pages of history, from the beginning Islamic law has been confronted with the process of developing human thought in the context of finding new methods to improve life's welfare. Changes towards development in the direction of progress will cause many new problems in various fields, especially in the economic, social, cultural, science and technology fields, which previously had not been thought of by the *mujtahid*, are now starting to emerge (Peristiwa & Hadi, n.d.).

Yusuf Qardhawi said "Society's conditions are always changing and developing, and as long as Islamic law is still suitable at all times and places and still has to stipulate laws for every human matter, especially today, *ijtihad* is more needed than in previous times." Thus Islam is a religion that is able to provide the best way in resolving case law that occurs in every development of the era without leaving its original law.

2. Industrial Revolution 4.0

The Industrial Revolution is an advanced change through the intelligence of the mind that uses several machines for processing power and motion power. The Industrial Revolution had started since the arrival of the Dutch East Indies to the archipelago, which became known as the first batch of Industrial Revolution where human labor and needs were replaced with machines. One of them is the steam engine which is able to boost the economies of various countries up to six times what it was before the Industrial Revolution 1.0. Then the Industrial Revolution 2.0 was marked by the existence of electric power generators and motors that were ignited by fire which triggered the emergence of landline phones, planes, cars, motorbikes and so on. Next, the Industrial Revolution 3.0 appeared marked by the existence of the internet and digital technology such as computers and mobile phones which later became the forerunner to the emergence of the Industrial Revolution 4.0, whose signs have actually started to be felt since the 1990s, where humans were introduced to the internet, although humans do not realize that the internet will have a very large and very important impact like what is happening at this time which is marked by the unification of several technologies, such as artificial intelligence applications, smart robots, driverless cars and 3D printing machines (Azma, 2018).

The Industrial Revolution 4.0 apart from having a major impact on the business industry sector also greatly impacted globalization, disguising international boundaries and competition. So that in a business model it will be easier to obtain for producers and consumers by using elastic machines. Equipment for the business industry is currently more affordable both domestically and abroad with the help of several tools and applications of business model tools. On the one hand, the industrial era of this economic and business system through connectivity and digitalization is able to increase the efficiency of the manufacturing chain and the quality of products and production. However, on the other hand, this industrial revolution will also eliminate 800 million jobs worldwide by 2030 due to being taken over by robots. This can be a threat to Indonesia as a country that has a high labor force and unemployment rate. For this reason, the government needs to respond to this change appropriately by formulating a strategy that is able to increase the competitiveness of the national industry while at the same time creating wider employment opportunities.

For Indonesia itself the phenomenon of the Industrial Revolution 4.0 provides an opportunity to revitalize Indonesia's manufacturing sector and is a way to accelerate the achievement of Indonesia's vision to become the 10 largest economies in the world. Until 2016, the manufacturing industry contributed 20 percent of Indonesia's GDP and created more than 14 million jobs. Thanks to our strong consumer spending, which contributes up to 50 percent of GDP, Indonesia's economy has grown sixfold in 17 years and reached over US\$ 1 trillion in 2017 and has successfully transitioned from a natural resource-based economy to a sector-based economy that is more value added. Indonesia is also enjoying a period of demographic bonus, thanks to the large population of young people who are in the productive range (Peristiwo & Hadi, n.d.).

With the shift towards a service-based economy, the contribution of Indonesia's manufacturing industry decreased to 22 percent in 2016 after previously reaching a peak of 26 percent in 2001, and this is expected to continue to decline in 2030 if no intervention is made. On the other hand, the working age population is expected to increase by 30 million people in 2030, so it will be important for the government to open up jobs for them. The implementation of the Industrial Revolution 4.0 opens opportunities to revitalize our manufacturing industry, increase worker productivity, boost net exports, and create around 10 million additional jobs which will become the basis for Indonesia's economic growth towards becoming the 10 largest economies in the world. On the other hand the Industrial Revolution 4.0 is an opportunity to make life more prosperous and has introduced technology that is so easy (Kagermann et al., 2013).

The Industrial Revolution 4.0 caused enormous changes in life which can raise big questions about human existence and true human nature. The social model where the internet and other sophisticated tools make it seem like humans are no longer needed and friendships that occur, many indirectly meet face to face because technology is so sophisticated it makes the world seem narrow because it can connect people from several provinces in the world so there is no need to come to a place to talk about something. Communication tools that will develop in the Industrial Revolution 4.0 era include:

1. Digital Marketing. Digital marketing is an attempt to market various products using digital tools that are increasingly sophisticated and will be more efficient in marketing their products through advertisements on website channels, applications, mobile devices and other things related to digital devices. Some people feel comfortable and like buying using cellphones and so on, who only shop while sitting back and relaxing.
2. Internet Marketing. Internet marketing is promoting its products using the internet to attract buyers and is part of digital marketing.

To face the Industrial Revolution 4.0, we must prepare for the possibility of failure that will occur with an intelligent mind but still follow the path of the Industrial Revolution 4.0 so that opportunities in the 4.0 Revolution will still exist and not become a threat. A number of challenges in Industry 4.0 must also be observed, including; First, lack of skill. Second, the stability and reliability of production machines. Third, the loss of some jobs due to automation in the field of education. Fourth, information technology security. Fifth, the unwillingness to change by stakeholders. Another thing is the simplification of the challenges of Industry 4.0, namely: (1). Trusted worker. (2). Job creation. (3). Industry Readiness. (4). Ease of socio-cultural arrangements.

In order to face the Industrial Revolution 4.0, we must prepare for the possibility of failure that will occur with intelligence but still follow the path of the Industrial Revolution 4.0 so that opportunities in Revolution 4.0 will still exist and not become a threat. The three challenges that always exist for workers in the Industrial Revolution 4.0 include changes in skills, changes in types of work and changes in people's lifestyles;

1. Changes in skills, humans must be prepared to face changes in skills that are increasingly being faced by competitors in the face of the Industrial Revolution 4.0 to become more skilled people.
2. Changes in the type of work, humans may be replaced by machines in carrying out various types of work, so humans must provide new jobs or keep up with changes in workers in the Industrial Revolution 4.0 era.
3. Changes in people's lifestyles, humans must be prepared to change their lifestyles with various kinds of electronic devices that are rampant in a world that was initially only familiar with steam engines

The Industrial Revolution 4.0, according to experts, can improve the economic status of the community, increase income, provide peace to the community, expand sales. Technology gives satisfaction to its users (users) and can function to fulfill human desires to be simpler with stored data. The Industrial Revolution 4.0 will further advance the usability of equipment, communications and supplies at a lower cost. This situation in the business world of the economy will lower the costs of traders, which will result in new markets for business people and will increase economic development. When the role of humans is replaced by various kinds of machines, it will increase the imbalance in the economic environment, usually this will happen in developing countries, whereas in developed countries, the workforce will become increasingly prosperous, which initially in factories will change to work in places that only use reason (Tjandrawina , 2016)

4. Conclusions

The concept of Islamic economics comes from the Koran and Hadith. The definition of Islamic economics is also put forward by contemporary Islamic economists. According to Mannan, Islamic economics is a social science that discusses people's economic problems whose discussion is on Islamic values. The presence of the 4.0 Industrial Revolution caused enormous changes in life regarding human existence and true human nature. Islam has been confronted with the process of developing human thought in order to find new methods to improve the welfare of life. Changes towards development in the direction of progress will cause many new problems in various fields, especially in the economic, social, cultural, science and technology fields. In perspective in the field of Islamic economics in Indonesia which is associated with the Sustainable Development Goals (SDGs) itself, it is made to answer the demands of world leadership in overcoming poverty, inequality and climate change in the form of real action. Set targets that are universally applicable and measurable in balancing the three dimensions of sustainable development such as environment, social and economy. Islamic economic goals from several perspectives, namely philosophical goals consisting of Al-Falah (holistic prosperity) and Maqasid al-Shariah and operational goals consisting of increasing faith, creating problems, preventing concentration of wealth, and avoiding dangerous activities and equitable distribution .

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