



Implementation of Micro and Macroeconomic Islamic Principles in Addressing Economic Inequality in Modern Global Society

Bahrul Anam Albasri¹, Slamet Jumhari Tulloh², Aivan Rifaldi³

^{1,2,3}Program Studi Ekonomi Syariah, Universitas Islam Bunga Bangsa, Indonesia

Abstract

Economic inequality is a central challenge in modern global society, characterized by disparities in the distribution of income and wealth between affluent and low-income groups. In many conventional economic systems, economic growth is often not accompanied by equitable welfare distribution, resulting in poverty, unemployment, and social injustice. This study aims to examine the implementation of Islamic economic principles at both the micro and macro levels in addressing economic inequality. The research employs a qualitative approach using a library research design (literature study), focusing on the analysis of secondary data obtained from scholarly journals, books, academic articles, and reputable publications related to Islamic economics. Data were collected through documentation techniques by gathering, reviewing, and interpreting relevant literature, and were analyzed using descriptive-analytical methods. The findings indicate that, at the micro level, Islamic economics emphasizes economic behavior grounded in ethics, such as honesty, justice, moderation in consumption, and the prohibition of *riba*, which encourage fair and transparent economic activities. Meanwhile, at the macro level, instruments such as *zakat*, *infak*, *sedekah*, and *waqf* (*wakaf*), along with Islamic fiscal and financial policies, contribute to wealth redistribution, poverty alleviation, and the enhancement of social welfare. The synergy between these micro- and macro-level aspects can establish a more just, stable, and sustainable economic system. Accordingly, Islamic economics has substantial potential as a strategic solution to economic inequality in modern global society.

Keywords:

Islamic Economics,
Microeconomics,
Macroeconomics,
Economic Inequality,
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Corresponding Author:

Bahrul Anam Albasri
Email:
bahrulanamalbasri@gmail.com



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INTRODUCTION

Economic inequality is one of the key challenges confronting modern global society. This phenomenon is reflected in widening gaps in the distribution of income and wealth between affluent and low-income groups. In conventional economic systems, economic growth is frequently not accompanied by equitable improvements in welfare, thereby producing a range of social consequences, including poverty, unemployment, and social injustice. Consequently, an alternative approach is needed—one that is not only growth-oriented, but also centered on justice

and balance (Stiglitz, 2019). Recent reports also indicate that global wealth concentration continues to increase, strengthening concerns regarding distributive justice and sustainable welfare (Bank, n.d.).

Islamic economics presents itself as a system that offers solutions grounded in values of justice, equilibrium, and blessing (*barakah*). From a microeconomic perspective, Islamic economics emphasizes the conduct of individuals and business actors that is guided by ethical principles, such as honesty, the prohibition of *riba*, and fairness in transactions. Meanwhile, from a macroeconomic perspective, Islamic economics governs the distribution of wealth through instruments such as *zakat*, *infak*, *sedekah*, and *waqf* (*wakaf*), as well as fiscal and monetary policies aligned with Islamic principles. The synergy between these micro- and macro-level dimensions is therefore crucial for establishing an economic system that is both inclusive and just (Ascarya, 2021).

Several previous studies have discussed the role of Islamic economics in reducing inequality. Atabik (2015) explains that *zakat* has a significant contribution to poverty alleviation and income redistribution. Muneeza and Mustapha (2020) also highlight that productive *waqf* contributes to sustainable socio-economic development. In addition, Hassan & Aliyu (2018) examine the resilience of Islamic financial systems and show that Islamic finance can support macroeconomic stability during economic crises. However, most previous studies tend to focus separately on either microeconomic or macroeconomic aspects, without comprehensively examining the integration of both dimensions in addressing economic inequality.

This condition creates a research gap, as the discussion regarding the implementation of Islamic economic principles often remains partial and sectoral. There is still limited research that specifically analyzes how the synergy between Islamic microeconomics and macroeconomics can function as an integrated solution to overcome economic inequality in modern global society. Therefore, this study becomes important to provide a broader analytical perspective regarding the role of Islamic economics as a comprehensive economic system.

The implementation of Islamic economic principles in a global context has become increasingly relevant amid various economic crises. This system is not only intended to achieve economic efficiency, but also to ensure fair distribution and shared prosperity. By integrating the principles of Islamic microeconomics and macroeconomics, it is expected that economic inequality can be mitigated, and that a more stable and sustainable economic order can be achieved (Hassan & Aliyu, 2018). The novelty of this study lies in its effort to examine the relationship between micro-level ethical behavior and macro-level distributive instruments within one integrated analytical framework.

Based on this background, this article aims to analyze how the implementation of Islamic economic principles—at both micro and macro scales—can contribute to addressing economic inequality in modern global society. This research is expected to provide both theoretical and practical benefits, particularly in enriching the literature on Islamic economics and offering policy insights for building a more just, stable, and sustainable economic system.

METHOD

This study employs a qualitative approach with a descriptive-analytical method, which aims to provide an in-depth understanding of the implementation of Islamic economic principles in both micro and macro aspects when addressing economic inequality in modern global society. This approach was selected because it can offer a comprehensive description of the concepts, values, and economic practices within Islam in contemporary contexts. Qualitative research is appropriate for exploring and understanding social phenomena through interpretation of meanings and concepts in their natural context (Creswell & Creswell, 2017).

The research design is a literature study (library research), in which the study examines various written sources relevant to the research topic. This type of research focuses on collecting and analyzing theoretical references

and previous research findings related to the issue being discussed (Snyder, 2019). The data used are secondary data obtained from books, scholarly journals, academic articles, and reputable publications that discuss Islamic economics—particularly in relation to Islamic micro- and macroeconomics. These sources are accessed through academic platforms such as Google Scholar, Scopus, and other scholarly databases in order to ensure the validity and credibility of the information.

Data collection is carried out through the documentation method, namely by gathering, reading, identifying, and reviewing relevant literature related to the study. The documentation technique is commonly used in qualitative library research to obtain systematic and credible academic information (Sugiyono, 2017). The collected data are then analyzed using descriptive-analytical techniques—by organizing the data systematically, classifying the main findings, interpreting the main concepts, and examining the linkages between Islamic micro- and macroeconomic principles in addressing economic inequality.

The method of data analysis in this study follows three stages: data reduction, data presentation, and conclusion drawing, adapted from the qualitative analysis model of Miles et al. (2014). The findings are presented in a structured and logical manner to enhance readability and to provide relevant intellectual contribution to the issues under investigation.

RESULT AND DISCUSSION

The research findings indicate that the implementation of Islamic economic principles—both at the micro and macro levels—has significant potential to reduce economic inequality in modern global society. The analysis shows that inequality is not only caused by unequal income distribution, but also by the absence of ethical economic behavior and weak social redistribution mechanisms. In this context, Islamic economics offers a comprehensive framework that combines moral responsibility at the individual level with distributive justice at the institutional level.

At the micro level, applying principles such as fairness in transactions, the prohibition of *riba*, and Islamic business ethics can create economic activities that are more transparent and equitable. Business actors who adhere to Islamic values tend to prioritize a balance between profit and social responsibility, thereby helping to minimize exploitative economic practices (Hassan & Aliyu, 2018). The findings reveal that ethical business behavior strengthens trust between producers, consumers, and investors, which ultimately supports long-term economic sustainability. This condition also reduces market distortion caused by speculative and unjust transactions.

In addition, consumer behavior in Islamic economics—which emphasizes meeting needs rather than fulfilling desires—also contributes to greater economic stability. Consumption guided by the principle of moderation (*wasathiyah*) can reduce inequality in the distribution of resources and promote a more evenly shared level of welfare (Wibowo, 2023). The study finds that excessive consumption patterns often increase social gaps and economic pressure, whereas moderate consumption supports balanced resource allocation and strengthens social welfare. Thus, the implementation of Islamic microeconomics does not only affect individuals, but also has implications for the economic system as a whole.

At the macro level, Islamic economic instruments such as *zakat*, *infak*, *sedekah*, and *waqf* (*wakaf*) have been shown to be effective in supporting wealth redistribution. *Zakat*, for instance, plays a strategic role in reducing poverty and improving social welfare through a mechanism of direct distribution to those who need it (Ascarya, 2022). The findings indicate that *zakat* functions not only as a religious obligation, but also as a socio-economic instrument capable of strengthening income equality. Moreover, the management of productive *waqf* can generate a sustainable source of income that can be used for social and economic development (Muneeza & Mustapha, 2020).

Productive waqf contributes to education, healthcare, and public infrastructure, which directly supports long-term welfare improvement.

Islamic fiscal and monetary policies also contribute to maintaining macroeconomic stability. Islamic finance systems that are free from *riba* and excessive speculation are considered more resilient to global economic crises, as reflected in several studies that show the resilience of Islamic banking during such crises (IFSB, 2023). The findings show that profit-and-loss sharing mechanisms create a more balanced relationship between financial institutions and society, reducing systemic risks caused by debt-based economic systems. This suggests that integrating micro- and macro-level policy approaches in Islamic economics can foster a more stable and inclusive economic system.

Further, these findings highlight that synergy between micro and macro sectors is the central key to addressing economic inequality within Islamic economics. Integrated implementation—linking individual behavior, government policies, and Islamic social instruments—can produce a fairer and more sustainable distribution of wealth (Hafizd et al., 2025). The study finds that partial implementation often limits the effectiveness of Islamic economic instruments, while comprehensive integration strengthens both economic justice and social welfare. Therefore, Islamic economics is not only relevant as an alternative economic system, but also functions as a strategic solution to global challenges posed by economic inequality.

DISCUSSION

The findings of this study confirm that the implementation of Islamic economic principles at both micro and macro levels provides a relevant framework for addressing economic inequality in modern global society. This is highly significant in the current global context, where wealth concentration continues to increase and income disparities remain a persistent challenge. According to the World Inequality Report (2022), the richest 10 percent of the global population currently capture more than half of global income, while the poorest half receives only a small proportion of total income. This condition reflects the structural imbalance produced by conventional economic systems that prioritize growth without sufficient distributive justice. In line with the theory of distributive justice proposed by Rawls (1971), economic systems should ensure fairness in the allocation of opportunities and resources, particularly for disadvantaged groups. Islamic economics supports this principle through the concept of social justice (*'adl*) and collective welfare (*maslahah*), which place equity as a central economic objective.

At the microeconomic level, the findings regarding ethical business behavior, fairness in transactions, and the prohibition of *riba* demonstrate the practical relevance of Islamic moral economics. In today's reality, many economic crises are linked to excessive speculation, exploitative lending systems, and unethical corporate practices. The 2008 global financial crisis and subsequent debt instability in many countries showed how interest-based systems and speculative financial behavior can generate systemic vulnerability (Stiglitz, 2010). Islamic economics responds to this issue by emphasizing profit-and-loss sharing, transparency, and accountability. Chapra (2008) argues that Islamic economic ethics are not merely moral recommendations but institutional principles that prevent injustice and financial exploitation. In the author's view, the strengthening of ethical awareness among business actors is essential because regulation alone is often insufficient without moral responsibility at the individual level.

Consumer behavior based on moderation (*wasathiyah*) also becomes increasingly relevant in the era of consumerism and digital capitalism. Modern society is often driven by excessive consumption patterns influenced by social media, lifestyle competition, and unsustainable production systems. This phenomenon contributes to resource inequality and environmental degradation. The Islamic principle of moderation encourages individuals to prioritize needs over desires, which aligns with the concept of sustainable consumption promoted by the United Nations Sustainable Development Goals ((UNDP), 2025). From the author's perspective, this principle is not only religiously

valuable but also socially necessary, especially in addressing both economic inequality and ecological sustainability simultaneously.

At the macroeconomic level, the findings regarding zakat, waqf, and Islamic social finance strongly support the argument that redistribution mechanisms are fundamental in reducing inequality. Empirical evidence in countries such as Indonesia and Malaysia shows that zakat institutions have significantly contributed to poverty alleviation, especially during the COVID-19 pandemic when vulnerable groups required immediate economic support (Ascarya, 2022). This reflects Keynesian fiscal logic in a different normative framework, where redistribution stimulates welfare and social stability, but Islamic economics adds a spiritual and obligatory dimension through zakat. Productive waqf also provides long-term developmental benefits by supporting education, healthcare, and public services. The author considers that the main challenge is not the absence of instruments, but rather the effectiveness of institutional management, transparency, and public trust in Islamic social finance governance.

Furthermore, the resilience of Islamic finance systems against crises supports the argument that Islamic macroeconomic policies offer a more stable alternative to debt-based financial structures. The Islamic Financial Services Board IFSB (2023) reports that Islamic banking institutions in several countries showed stronger resilience during periods of financial instability due to asset-backed financing and reduced speculative exposure. This supports Minsky's Financial Instability Hypothesis, which explains that excessive leverage and speculative finance are major causes of economic crises. Islamic finance minimizes these risks by prohibiting gharar (excessive uncertainty) and riba. In the author's opinion, this demonstrates that Islamic economics should not be viewed merely as a religious alternative for Muslim societies, but as a universal economic model that offers practical solutions for sustainable global financial governance.

Finally, the strongest finding of this study lies in the importance of synergy between micro and macro dimensions. Ethical individuals without supportive institutions will have limited impact, while strong institutions without ethical actors may lead to inefficiency and corruption. This integrated perspective reflects Ibn Khaldun's classical theory that justice is the foundation of prosperity and state stability. Therefore, Islamic economics should be implemented comprehensively rather than partially. The author argues that future policy frameworks should move beyond symbolic Islamic finance practices and focus on substantive justice, institutional reform, and social welfare orientation. In this sense, Islamic economics becomes not only an academic discourse, but also a strategic response to the real and urgent problem of global economic inequality.

CONCLUSION

The implementation of Islamic economic principles at both the micro and macro levels has been shown to provide a viable solution for addressing economic inequality. At the micro level, values such as justice, honesty, moderation in consumption, and the prohibition of riba encourage more ethical economic conduct and help reduce exploitative economic practices. Meanwhile, at the macro level, instruments such as zakat, infak, sedekah, and waqf contribute to achieving a more equitable distribution of wealth and strengthening social welfare through sustainable redistribution mechanisms.

Through the synergy between these dimensions, Islamic economics can support the development of an economic system that is more just, stable, and sustainable—thereby making it relevant as a solution to global economic inequality. The integration of ethical individual behavior, institutional support, and Islamic fiscal and financial policies becomes the key to creating inclusive and balanced economic development.

For future research, it is recommended to conduct empirical studies using field research methods or quantitative approaches to measure the direct impact of Islamic economic instruments on poverty reduction and

income distribution in specific countries or regions. Further studies may also explore the effectiveness of Islamic social finance institutions in the digital era, particularly in improving transparency, accountability, and public trust in zakat and waqf management.

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