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The Construct of the *Khalifah* versus Homo Economicus:

The Philosophy of Sharia Economic Law as a Foundation for Sustainable Production Realities

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Abstract

The production paradigm in modern economics is predominantly built upon the concept of homo economicus, oriented toward instrumental rationality and profit maximization, which has contributed to ecological crises and social inequality as documented by the IPCC (2023) and Oxfam (2023). This study analyzes and compares the ontological construction of production between the homo economicus paradigm and the concept of khalifah fil-ard within Islamic economic law philosophy, employing a qualitative normative-philosophical method with a comparative approach to classical and contemporary literature across three analytical dimensions: ontological, epistemological, and axiological. The comparative findings reveal that homo economicus constructs production within a secular-instrumental framework positioning the human being as an autonomous utility-maximizing agent, nature as a substitutable input, and success as measured solely by profit and unlimited growth. By contrast, khalifah fil-ard, grounded in QS. Al-Baqarah: 30 and reinforced by the maqashid shariah framework particularly hifz al-bi'ah constructs the human being as a holder of divine trust responsible for ecological balance and intergenerational justice, yielding structurally distinct production norms: from the prohibition of israf and fasad fil-ard to the principles of 'adl, tawazun, and non-khashar throughout the halal supply chain. This synthesis produces concrete policy implications: halal-ecological certification, strengthening of digital hisbah, and reform of halal production regulation under the Halal Product Assurance Law (UU JPH) as steps toward operationalizing the khalifah paradigm in contemporary Islamic economics.

Keywords: *khalifah fil-ard*, homo economicus, Islamic economic law philosophy, sustainable production

Background

The homo economicus paradigm has been the main foundation of Western economic philosophy since Adam Smith's work An Inquiry into the Nature and Causes of the Wealth of Nations (Smith, 1776/2007), which portrays humans as rational agents guided by an "invisible hand" to maximize personal interest through free exchange (K. Umam et al., 2024). This concept was further consolidated in neoclassical economics by Léon Walras and Alfred Marshall in the late 19th century, in which economic behavior was reduced to mathematical calculations of maximum utility with assumptions of methodological egoism and transitive preferences (Hodgson, 2025). In the context of modern production, this paradigm gave rise to a capitalist system based on the global supply chain that prioritizes input-output efficiency and unlimited growth, often at the expense of moral, social, and ecological dimensions (Aulia, 2024).

Contemporary production reality under the influence of homo economicus has increasingly worsened the global crisis. The IPCC (2023) report recorded a 1.1°C temperature increase due to industrial emissions, while the Oxfam Report (2023) shows that the wealthiest 1% of the population controls 45% of world wealth, reflecting structural inequality from a profit-only priority. The dominance of this paradigm is not only methodological but also normative. Modern economic reality is built on an anthropological reduction that separates economic action from its ethical and metaphysical horizon. Production is understood primarily as a process of creating economic value measurable through price mechanisms and efficiency, without adequate reflection on moral purpose or long-term sustainability (Lubis & Natal, 2024). In line with this, Zsolnai (2025) shows that the profit-maximization orientation has reinforced unlimited growth business models, which often ignore social balance and ecological integrity. This is where the fundamental gap emerges: homo economicus is reductionist-secular, separating economics from inherent ethics, so production becomes potentially "fasaad fi al-ardh."

Islamic philosophy offers a sharp contrast through the concept of khalifah fil-ard. The need for an alternative construction of the basis of production reality in Islamic economics is increasingly urgent given the limitations of the homo economicus paradigm, which views humans as absolute owners of natural resources for profit maximization. In Islamic philosophy, the concept of khalifah fil-ard offers a radical alternative ontology, wherein humans are not dominus terrae (masters of the earth), but rather custodians of a divine trust responsible for ecosystem balance and generational sustainability (K. Umam & Ahsanti, 2022). Maqashid shariah thought reinforces this. Abu Ishaq al-Shatibi in Al-Muwafaqat classified the objectives of Sharia as hifz al-din, nafs, 'aql, nasl, and mal (Shatibi, 2005), while Ibn Ashur (2013) added the ecological dimension of hifz bi'ah to prevent israf (wastefulness) and khashar (damage). Contemporary scholars such as Masudul Alam Choudhury in The Foundations of Islamic Political Economy critique homo economicus for its egoism versus collective falah, and unlimited wants versus the tawazun of Sharia needs, where production is a normative form of worship bound to tawhid-human-nature (Choudhury & Malik, 1992).

Previous research shows that studies on homo economicus and its Islamic alternative have grown, but still leave a gap at the ontological and normative level, particularly regarding the construction of production reality. Lahuri & Labolo (2023), through "Examining the Concepts of Homo Economicus and Islamicus," examined fundamental differences between profit-oriented, exploitative homo economicus and justice-, ethics-, and sustainability-oriented homo islamicus; however, the main focus remained on economic behavior in general, not on the ontological reconstruction of production within the framework of Islamic economic law philosophy. Research by Amini et al. (2024) affirmed the position of homo islamicus as an agent of social-economic change based on khalifah, amanah, and maqashid shariah values, accompanied by illustrations of halal business actors who prioritize quality and ethics over mere profit; nevertheless, this study is descriptive-sociological and has not articulated a legal philosophy framework that explicitly reconstructs the reality of Sharia production normatively and ontologically.

The Journal of Islamic Economics (TUJISE), titled "Homo Islamicus and the Tendency of Economic Behavior," elaborates on homo islamicus behavioral tendencies shaped by tawhid, justice, and social responsibility, then compares them with homo economicus in the context of consumption and production decisions; this study reinforces the critique of homo economicus reductionism, but remains at the psycho-economic level and has not reached the formulation of the basis of production reality and its normative apparatus in Islamic economics (Kayalı et al., 2025). On the other hand, Mursal et al. (2025) attempt to advance an ecological paradigm through the concept of hifz al-bi'ah as an additional dimension in the construction of homo islamicus, offering a sharper ecological critique of homo economicus and environmentally damaging economic practices; however, the focus remains on the actor-subject (homo islamicus) and has not developed a construction of production legal philosophy as a binding normative system for halal industry practice at the operational level.

Based on an examination of previous studies, it can be concluded that the state of the art of research is still dominated by several main tendencies. First, most studies focus on the comparison between homo economicus and homo islamicus, primarily on the dimensions of economic behavior and the moral character of economic actors. Second, several studies place the critique of secularism and egoistic orientation in the homo economicus paradigm as the analytical focal point. Third, there are efforts to develop an ethical or ecological framework in Islamic economics, but these are generally still conceptual and broadly normative without providing operational institutional formulation.

This study offers novelty in three main aspects. First, the concept of khalifah is positioned as the ontological foundation of humans in productive activity, not merely as a moral attribute of homo islamicus. In this way, the reality of production in Islamic economics is reconstructed from the metaphysical level the relationship of God, humans, and nature to the institutional level in economic practice. Second, this study uses the perspective of Islamic economic law philosophy as an analytical framework to synthesize the concepts of khalifah, maqasid al-shariah including hifz al-biah, and the critique of the homo economicus paradigm into an explicit, systematic, and integrated "basis of production reality" framework. Third, this study formulates more operational normative implications and policies for sustainable halal production regulation, such as the concept of halal-ecological certification, strengthening the role of hisbah, and the design of industry regulations that support sustainability principles.

Thus, this study seeks to bridge the gap between conceptual studies on economic man from an Islamic perspective and the need for a concrete legal philosophy framework to organize production practices in contemporary Islamic economics.

Literature Review

Homo Economicus in Western Economic Philosophy

The concept of homo economicus is rooted in the historical development of thought in Western economic philosophy, which began with the ideas of Adam Smith, then enriched by the utilitarian tradition developed by Jeremy Bentham and John Stuart Mill, and subsequently confirmed in the neoclassical analytical framework by thinkers such as Léon Walras and Vilfredo Pareto (Efe Efeoğlu et al., 2018). In his classic work The Wealth of Nations (1776), Smith argued that individuals seeking to maximize their personal interests through the market mechanism analogized through the concept of the invisible hand can indirectly promote the creation of social welfare, as long as the market system operates competitively and is not overly constrained by external intervention (Smith, 2007). However, Smith did not fundamentally reduce humans to creatures driven solely by economic motives. Nevertheless, in subsequent developments, the interpretation and elaboration of theory in the neoclassical economic tradition tended to construct humans as rational agents who consistently seek to maximize self-interest and respond to economic incentives, particularly through price mechanisms in markets.

Jeremy Bentham and John Stuart Mill's utilitarianism provided the ethical basis for such economic rationality with the principle of "the greatest happiness for the greatest number," wherein actions are judged right insofar as they maximize aggregate utility or happiness (Bentham, 1789/1988; Mill, 1863/1998). In practice, the concept of happiness was then translated into a quantitative utility framework that can be summed and compared, thereby reinforcing the model of humans as morally neutral utility calculators focused on pleasure-pain and cost-benefit calculations. The neoclassical tradition of Walras and Pareto, through general equilibrium theory, formalized these assumptions into mathematical models where agents are assumed to be rational, egoistic, and always seeking to maximize utility (consumers) or profit (producers) within a market system that tends toward equilibrium (Walras, 1874/1954; Pareto, 1906/1971). From this emerged the crystallization of homo economicus, where humans are understood narrowly as rational-instrumental beings whose behavior can be predicted through consistent utility functions and preferences (Opp, 2024).

Ontologically, homo economicus represents a very specific construction of humanity. The individual is considered an autonomous unit of analysis, rationality is defined narrowly as the ability to choose the most efficient means to achieve personal goals, and ethics is reduced to subjective preference. This instrumental rationality is reinforced by what some philosophers call "methodological egoism" the assumption that economic action is always driven by self-interest, while social, moral, and spiritual relations are considered external to the model (Erasmo, 2022). Karl Marx critiqued this construction by showing that in the capitalist mode of production, workers are alienated from the product of their labor, from the labor process, from fellow workers, and even from their own humanity; humans are reduced to a "cog in a machine" in the logic of capital accumulation, so that the production relationship that should be humane becomes a relationship of domination and exploitation (Marx, 1976). Sen (1999) further critiqued homo economicus for ignoring dimensions of commitment, identity, and value; in Development as Freedom, Sen argued that humans must be understood through capabilities (substantive abilities to lead a life they value), not mere utility preferences, and that rationality can encompass actions driven by empathy and justice, not just self-interest.

The implications of the homo economicus construction and the neoclassical framework for production reality are significant. Because the primary goal of producers is defined as profit maximization under technological and cost constraints, production tends to be oriented toward unlimited growth the expansion of output and capital accumulation without limit as the main indicator of economic success (Rogers & Daly, 1996). The standard model treats natural resources as inputs substitutable by capital and technology, thereby ignoring the biophysical limits of the earth. Kate Raworth, through Doughnut Economics, critiques this paradigm by showing that the unlimited growth model and GDP focus are blind to "planetary boundaries" and the "social floor"; productive activity generates negative externalities in the form of carbon emissions, pollution, and ecosystem degradation that are not adequately reflected in market prices (Raworth, 2017). Within the homo economicus framework, environmental damage and social inequality are treated as "market failures" or externalities that are supplementary, not as structural symptoms of a flawed human ontology and production purpose.

Western economic philosophy literature shows that homo economicus is a historical construction born from the combination of Smith's invisible hand, Bentham and Mill's utilitarianism, and the neoclassical formalization of Walras and Pareto, which together formed a production paradigm oriented toward instrumental rationality, methodological egoism, and unlimited growth. Critiques from Marx, Sen, and Raworth reveal the ontological and ecological impacts of this paradigm the dehumanization of workers, the reduction of humans to utility calculators, and production that triggers global environmental crises.

Khalifah and Maqashid in Islamic Philosophy

From the perspective of Islamic philosophy, the concept of khalifah fil-ard is the primary starting point for understanding the ontology of humans in economic and productive activity.

QS. Al-Baqarah: 30

وَاِذْ قَالَ رَبُّكَ لِلْمَلٰۤىِٕكَةِ اِنِّيْ جَاعِلٌ فِى الْاَرْضِ خَلِيْفَةً ۗ قَالُوْٓا اَتَجْعَلُ فِيْهَا مَنْ يُّفْسِدُ فِيْهَا وَيَسْفِكُ الدِّمَاۤءَۚ وَنَحْنُ نُسَبِّحُ بِحَمْدِكَ وَنُقَدِّسُ لَكَ ۗ قَالَ اِنِّيْٓ اَعْلَمُ مَا لَا تَعْلَمُوْنَ

"(Remember) when your Lord said to the angels, 'I am going to place a khalifah on earth.' They said, 'Will You place someone there who will cause corruption and shed blood, while we glorify Your praises and proclaim Your holiness?' He answered, 'Indeed, I know what you do not know.'"

Commentators understand this as an affirmation of the status of humans as God's vicegerents on earth, with the duty to develop and maintain the earth, not to dominate it absolutely (Al-

Tabari, 1992). Contemporary interpretation emphasizes that the term khalifah here contains the meaning of amanah (trust), accountability, and a mandate to uphold the laws of God on earth, including in the management of natural resources and productive activity, so that humans will be held accountable for the corruption (fasad) they cause (Al-Qardhawi, 2001). Several hadiths also reinforce the ecological dimension of this trust, such as the prohibition against destroying plants and animals without just cause, and the encouragement to plant trees even when the Day of Judgment is near.

Hadith of Abu Daud:

عن عبد الله بن حبشي قال: قال رسول الله صلى الله عليه وسلم: من قطع سدرة صوب الله رأسه في النار. (وراه أبو داود)5239

"From Abdullah bin Habasyi, who said: The Messenger of Allah, peace and blessings be upon him, said: 'Whoever cuts down a sidr tree, Allah will cast his head down into hellfire.'"

This hadith contains an important principle in Islam regarding moderation in production. The Prophet Muhammad (peace be upon him) taught that production in Islam must be oriented toward the preservation of the earth and long-term benefit, not short-term exploitation.

This framework of khalifah fil-ard is then deepened by the theory of maqasid al-shari'ah formulated by Abu Ishaq al-Shatibi and further developed by contemporary thinkers. In al-Muwafaqat, Shatibi (2005) divides maqasid into three levels: dharuriyyat (primary), hajiyyat (secondary), and tahsiniyyat (tertiary), with five main objectives: preserving religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), and property (hifz al-mal). This hierarchical structure shows that all muamalah activities, including production, must be oriented toward maintaining and developing these five aspects in a balanced manner. Ibn Ashur (2006) then broadened the horizon of maqasid by emphasizing the importance of the dimension of public welfare (maslahah 'ammah) and introducing a reading that opens space for environmental protection (hifz al-bi'ah) as an integral part of maqasid, in line with the principle of balance (mizan) and the prohibition of corrupting the earth.

Contemporary Islamic economists such as Muhammad Umer Chapra utilize the khalifah framework in the maqasid perspective to critique the conventional economic paradigm and propose a more just and sustainable Islamic economic model. Chapra (1992) affirms that the primary goal of Islamic economics is falah and haqiqi maslahah, which can only be achieved when economic activity is subject to maqasid al-shari'ah, including the necessity of maintaining just distribution, reducing inequality, and preventing environmental damage. Al-Qardhawi (2001) outlines five basic principles of Islamic environmental ethics: (1) respect for nature, (2) love and compassion for all creatures, (3) responsibility, (4) moderation, and (5) justice. These principles affirm that environmental preservation is a form of practicing the values of adl (justice) and tawazun (balance), which form the foundation of the human relationship with nature. Therefore, humans are required to practice ecological behavior reflecting Islamic spirituality, such as refraining from fasad fil-ard (corruption on earth) and maintaining natural balance as part of worship to God.

From the fiqh perspective, the concepts of khalifah and maqasid have direct implications for the construction of production norms. Hifz al-mal does not only mean protecting individual ownership, but also ensuring that the process of acquiring and developing wealth does not damage the environment, oppress workers, or threaten social sustainability (Az-Zuhaili, 2011). Fiqh literature emphasizes the prohibition of israf and tabdzir as affirmed in QS. al-A'raf/7:31 and al-Isra'/17:26-27, which in the context of modern production can be read as a prohibition of production that is energy-wasteful, generates excessive waste, or uses resources disproportionately to needs (Al-Qardhawi, 2001). The principle of non-exploitation is reflected in the prohibition of riba, gharar, and ihtikar, as well as in the encouragement of cooperative contracts such as mudharabah and musyarakah that share risk and profit fairly. Recent studies on maqasid and the environment show that hifz al-bi'ah can be positioned as a mediator supporting the five classical maqasid; preserving the environment becomes a prerequisite for maintaining religion, life, intellect, lineage, and property (Khuluq & Asmuni, 2025). Thus, fiqh of production in the maqasid perspective leads to a production model that simultaneously maintains hifz al-mal and hifz al-bi'ah: productive, just, and nondestructive to the earth's carrying capacity.

Literature on khalifah and maqasid in Islamic philosophy reveals that humans are positioned as custodians of the earth bearing a divine trust, while productive activity is seen as part of the duty of stewardship that must be subject to Sharia objectives and ecological ethics. This framework provides a strong ontological and normative basis for formulating the basis of production reality in Islamic economics that is fundamentally different from the secular and exploitative homo economicus paradigm, and serves as a foundation for the effort to reconstruct the philosophy of Islamic economic law that is the focus of this study.

Production in Islamic Economic Law Philosophy

The philosophy of production in Islamic economic law is essentially a specific application of Islamic legal philosophy to the domain of goods and services productive activity, highlighting the ontological, epistemological, and axiological dimensions of Sharia norms governing production. Ontologically, production from the Sharia perspective is not understood merely as a technical process of transforming inputs into outputs for profit maximization, but as part of human khalifah stewardship in managing God's resources on earth, bound by tawhid, justice, and intergenerational responsibility. This ontology positions God as the true owner (al-malik al-haqiqi), humans as khalifah and mustakhlaf (recipients of the trust), and nature as ayat (signs) and amanah that must be preserved, so that every production decision has a dimension of worship and morality, not merely a value-neutral economic decision. From an epistemological perspective, production law is constructed based on Sharia sources (the Qur'an, sunnah), operationalized through ijtihad, qawa'id fiqhiyyah, and maqasid al-shari'ah to respond to changes in technology, markets, and business models. Its axiology culminates in the realization of comprehensive maslahah economic, social, and ecological by making justice, welfare, and balance the guiding values for the design and practice of production (Anisa Ilmiah, 2023).

This axiological dimension is evident in Islamic business ethics and production ethics literature. Beekuni (1997), for example, affirms that business activities including production must be subject to the principles of tawhid, justice, amanah, ihsan, and balance, so that the products and their production processes must be halal and tayyib: free from haram elements, fraud, worker exploitation, and environmental damage. He elaborates that Islamic production ethics encompasses the obligation to select halal raw materials, maintain product quality and safety, avoid pollution, and ensure fair treatment of workers and business partners. Naqvi (1981) in Ethics and Economics: An Islamic Synthesis developed the concept of homo islamicus as an economic actor whose behavior is guided by four axioms ethical (tawhid), balance, freedom, and responsibility which should be reflected in production decision-making, including the choice of technology, production scale, and its social impact.

Research Method

The research method used in this study is qualitative normative-philosophical with a comparative approach. The objects studied are conceptual constructions in fiqh texts, ushul fiqh, Islamic economic philosophy, and Western economic theory, not the empirical behavior of market actors. The normative-philosophical approach enables the researcher to examine the principles, concepts, and values underlying Islamic economic law, particularly related to the concepts of khalifah, maqashid al-shari'ah, and homo economicus, through doctrinal analysis and philosophical reflection on authoritative texts (Sukiati et al., 2024). Meanwhile, the comparative approach is used to compare two major frameworks: the hermeneutics of Sharia text proceeding from revelation and the ushul fiqh tradition, and Western economic analytics resting on instrumental rationality and the homo economicus construction, so that the differences in ontology, epistemology, and axiology of both toward production reality can be systematically identified (Creswell & Creswell, 2018).

This study falls into the category of library research, wherein data are collected and analyzed from various relevant written sources. The primary data sources are secondary in nature, including: (1) books and journal articles on Islamic economic philosophy, Islamic economic law philosophy, maqashid al-shari'ah, and the concept of khalifah; (2) Western economic philosophy literature and homo economicus theory; and (3) contemporary studies on Islamic green economics and sustainable halal production. Data collection was conducted by searching scientific databases such as Scopus, Web of Science, and Google Scholar using keywords "khalifah production," "Islamic green economy," "Islamic production," "maqasid al-shariah," "homo economicus," and "homo islamicus," as well as repositories of reputable journals in the fields of Islamic economics and Islamic economic law. Source selection was carried out purposively, considering substantive relevance, depth of analysis, and the reputation of the journal or publisher.

The analytical technique used is thematic content analysis combined with comparative analysis. Thematic content analysis was conducted by reading the collected texts in depth, identifying key themes related to the ontology of humans and production, and grouping them into conceptual categories. To maintain the validity and reliability of the findings, this study employs a source triangulation and peer review strategy. Source triangulation was conducted by comparing findings from various types of sources to ensure consistency and reduce interpretive bias (Creswell & Creswell, 2018).

Results and Discussion

Comparison of Ontological Constructions: Homo Economicus vs. Khalifah

The results of the ontological comparison between homo economicus and the concept of khalifah as the basis of production reality in modern economics and Islamic economics follow. In the neoclassical economic tradition, homo economicus is understood as a consistently rational, narrowly self-interested agent oriented toward utility or profit maximization. Individuals and firms are assumed to make decisions based on efficient cost-benefit calculations, with the primary goal of maximizing wealth or satisfaction, and within the model, ethical, social, and ecological dimensions are generally treated as external factors that are only considered when they "enter" into prices or regulations. Ontologically, this construction yields a secular image of economic man: economic reality is viewed as separate from transcendent reference, so production is reduced to a technical input-output transformation procedure judged successful insofar as it increases profit and growth, while the dimensions of moral and cosmic responsibility are not inherent to the model (Erasmo, 2022; Naqvi, 1981).

In contrast, in Islamic economics, the concept of khalifah fil-ard places humans as God's vicegerents and trustees in earth management, with tawhid as its ontological center. The ontology of Islamic economics, as formulated in recent Islamic economics ontology studies, affirms that the theological pillars of tawhid and stewardship integrate moral and spiritual elements into the entire economic system, so that economic reality is understood as part of worship and amanah, not a value-neutral space. Humans as khalifah have the responsibility to manage resources justly and sustainably, while God remains the true owner of wealth and nature; this structure is ontologically different from homo economicus, which positions the individual as the owner and ultimate end of economic activity (Chapra, 1992). Within the khalifah framework, production is not merely a profit-seeking activity, but a manifestation of obedience to the command of 'imarat al-ard (developing the earth) and observance of the prohibition of fasad fi al-ard (corruption on earth), so that at the metaphysical level, production reality already presupposes an integrated relationship of God, humans, and nature (Al-Qardhawi, 2001; Ibn Ashur, 2006).

The comparison results show fundamental differences in orientation and core values between the two constructions. Homo economicus operates within a secular and utilitarian value horizon. Goodness is measured by maximizing utility or profit, unlimited economic growth is made the primary indicator of success, and social-ecological impacts often appear as externalities outside the core model. Ecological critiques such as those raised by Raworth (2017) highlight that mainstream economics, proceeding from assumptions of unlimited growth and profit orientation, has generated production patterns that exceed the earth's carrying capacity and ignore the "social floor" for marginalized groups.

Table 1. Comparison of Ontological Constructions: Homo Economicus vs. Khalifah as the Basis of Production Reality

Ontological Dimension	Homo Economicus (Neoclassical Economics)	Khalifah (Islamic Economics)
Ontological Basis	Grounded in secular rationality; economic reality is viewed as autonomous from metaphysical and religious dimensions.	Grounded in tawhid (divine unity); economic reality forms part of a cosmic system connecting God, humanity, and nature.
Conception of the Human Person	The human being as a rational agent pursuing self-interest and maximizing utility or profit.	The human being as khalifah fil-ard God's vicegerent entrusted with the responsible stewardship and flourishing of the earth.
Purpose of Economic Activity	Maximization of utility or material gain as the primary end of economic activity.	Realizing maslahah (welfare), justice, and blessing through economic activity aligned with maqasid al-shariah.
Human–Nature Relationship	Nature is positioned as an economic resource available for exploitation in order to increase production and growth.	Nature is understood as an amanah (trust) whose balance (mizan) must be preserved and protected from corruption (fasad).
Status of Ownership	The individual is regarded as the primary owner of resources and productive output.	Ownership is relative; God is the true owner (al-malik al-haqiqi), while the human being serves only as a steward (trusteeship).
Orientation of Production	Profit-oriented; productive success is measured by efficiency, growth, and increased returns.	Amanah-oriented; production is directed toward the flourishing of the earth (imarat al-ard) and toward social and ecological balance.
Place of Moral Values	Ethical and environmental values are external to the economic model and typically enter only through regulation or pricing mechanisms.	Moral, spiritual, and ecological values are inherent to the economic system, rooted in tawhid and maqasid al-shariah.
Treatment of Externalities	Social and environmental impacts are treated as externalities to be corrected through market policy or regulation.	Social and ecological impacts are an integral part of human moral responsibility as khalifah.
Orientation toward Sustainability	Sustainability emerges as a corrective response to market failure.	Sustainability is an inherent principle, bound up with the amanah and the preservation of the earth (hifz al-bi'ah).

Conversely, the khalifah paradigm positions production within a tawhidic value horizon that integrates human responsibility toward God, fellow humans, and nature. Within this framework, success is not merely measured by profit or GDP growth, but by falah holistic welfare encompassing spiritual, moral, social, and ecological dimensions. The concept of hifz al-bi'ah as part of maqasid al-shari'ah demands that production respect the limits of the natural system, so environmental destruction and social inequality are not treated as externalities but as violations of the khalifah mandate and maqasid principles (Khuluq & Asmuni, 2025; Mursal et al., 2025).

At the epistemological level, the sources and standards of knowledge in both constructions differ fundamentally. Homo economicus rests on a positivist epistemology, where knowledge is built through empirical observation, mathematical modeling, and preference testing in markets. Validity is determined by predictive power and internal consistency of the model, while normative dimensions what ought to be are considered outside the realm of science and relegated to individual preferences. This produces a view of production as a value-neutral technical process measured by efficiency indicators and returns. In contrast, Islamic economic law philosophy builds its epistemology on the combination of rational revelation (the Qur'an, Hadith, and ijma') and reasoned ijtihad, so that Sharia norms on production are not mere external regulations but are embedded in a system of values that gives meaning to economic action. The standard of knowledge is not limited to empirical efficiency but encompasses fiqh categories of halal-haram, maslahah-mafsadah, and the realization of maqasid, so that the normativity of production is inseparable from its epistemological construction (Anisa Ilmiah, 2023).

From an axiological standpoint, homo economicus reduces values to subjective preferences that are individually determined and cannot be objectively compared across individuals. This leads to a value-neutral treatment of production in which any activity generating profit regardless of its social or ecological impact is considered legitimate as long as it does not violate positive law. The khalifah paradigm, on the other hand, establishes universal normative values rooted in maqasid al-shari'ah: adl (justice), tawazun (balance), maslahah (benefit), and 'adalah (equity). These values are objective in the sense that they are grounded in divine revelation and rational Sharia principles, not merely individual preferences. Thus, production that generates profit but violates these values is axiologically illegitimate within Islamic economic law, regardless of its market legality (Chapra, 1992; Al-Qardhawi, 2001).

This comparison reveals that the two constructions represent not merely different theoretical models but fundamentally different worldviews. Homo economicus is embedded in a secular-materialist ontology that separates economic activity from transcendent meaning, limits rationality to instrumental calculation, and evaluates production solely by its economic output. The khalifah construction, by contrast, is grounded in a tawhidic ontology that integrates the spiritual, moral, social, and ecological dimensions of human existence, extends rationality to encompass the realization of divine amanah, and evaluates production by its contribution to the holistic falah of humanity and the integrity of creation. This fundamental ontological divergence has profound implications for how production norms are constructed, regulated, and enforced within each framework.

Integration of Maqasid and Khalifah as the Basis of Production Reality

Based on the ontological comparison above, the integration of khalifah and maqasid al-shari'ah can be formulated as the basis of production reality in Islamic economics. In this framework, production is not understood as a mere technical activity of transforming inputs into outputs, but as an actualization of khalifah stewardship that is oriented toward the realization of maqasid al-shari'ah comprehensively. This integration encompasses three dimensions: ontological, normative, and institutional.

At the ontological level, production reality is constructed from the relationship of God-human-nature mediated by the concept of amanah. Humans as khalifah are not owners but trustees of the natural resources they manage, so every production decision must be accountable to God (hablum minallah), to fellow humans (hablum minannas), and to nature (hablum minal alam). This ontology eliminates the dichotomy between economic rationality and moral responsibility that characterizes homo economicus, and instead integrates them into a unified framework of Islamic economic rationality (Chapra, 1992; Ibn Ashur, 2006).

At the normative level, production within the khalifah and maqasid framework must fulfill several fundamental principles. First, the principle of adl (justice) demands that the distribution of production benefits and burdens be fair among all stakeholders producers, workers, consumers, and the natural environment. This prohibits exploitative practices such as riba, gharar, and ihtikar, and mandates cooperative contracts like mudharabah and musyarakah that share risk and profit equitably. Second, the principle of tawazun (balance) requires that production maintain the balance between economic growth and social welfare, between present needs and future sustainability, and between human interests and ecological integrity. This principle operationalizes the khalifah mandate to maintain the earth's balance rather than disrupt it for short-term gain. Third, the principle of non-khashar (prohibition of damage and wastefulness) prohibits production processes that generate environmental destruction, excessive waste, or disproportionate resource consumption. This is grounded in the Qur'anic prohibition of israf and tabdzir and the Sharia objective of hifz al-bi'ah (Al-Qardhawi, 2001; Khuluq & Asmuni, 2025).

These principles collectively constitute the normative framework of khalifah-based production, which positions productive activity as ibadah (worship) directed toward the realization of maqasid. Within this framework, the measure of productive success is not merely profit or GDP growth, but falah holistic welfare encompassing spiritual, moral, social, and ecological dimensions. This represents a fundamental shift from the profit-maximization orientation of homo economicus toward a maslahah-maximization orientation that is constrained by Sharia norms and ecological limits.

At the institutional level, the khalifah and maqasid framework implies specific organizational structures and governance mechanisms for production systems. Halal supply chains must be designed to ensure that all inputs, processes, and outputs comply with Sharia requirements for halal and tayyib (good and permissible), while also meeting the ecological and social standards implied by maqasid al-shari'ah. This requires robust certification and verification mechanisms, transparent supply chain governance, and effective oversight institutions modeled on the classical hisbah system. The institution of hisbah originally an Islamic market inspection authority must be reinterpreted for contemporary contexts to encompass not only the monitoring of halal compliance but also the enforcement of ecological and social justice norms in production (A. K. Umam, 2026).

By positioning production as an act of worship directed by maqasid, this study offers a synthesis of the philosophy of Sharia production law that places economic activity within a broader tawhidic framework. This approach not only enriches the theoretical discourse on Islamic economics, but also provides a normative basis for the development of more sustainable halal production systems and supply chains. Through the integration of the principles of adl, tawazun, and non-khashar, production systems in Islamic economics can be designed not only to generate economic profit, but also to maintain social and ecological balance as part of human amanah in developing the earth. This synthesis thus provides a strong conceptual foundation for reforming halal production and supply chain practices to align with the vision of tawhid, maslahah, and sustainability in contemporary Islamic economics.

Normative Implications and Policy for Khalifah-Based Production Reality

Normative implications indicate the need for the construction of production legal rules in Islamic economics that explicitly accommodate the ecological and social justice dimensions, not merely material halal aspects. Policy studies on maqashid in Islamic economics show that maqashid can serve as a "moral compass" for developing economic regulations that are just, sustainable, and ethical, by requiring that the protection of religion, life, intellect, lineage, and property be translated into concrete rules governing the behavior of economic actors and design. In the context of production, this means that regulations must ensure that production processes and outputs are not only halal in terms of materials and procedures, but also do not create social injustice such as labor exploitation and inequality of access and do not cause environmental damage contrary to hifz al-bi'ah. Contemporary fiqh al-bi'ah affirms that compliance with national environmental regulations aligned with Sharia principles is part of the obligation of obedience to ulil amri (rightful authority), so that ecological and social justice dimensions become inherent parts of religious obligation in production practice.

In terms of policy, this synthesis leads to recommendations for high-quality, environmentally friendly halal production regulations. The halal product guarantee legal framework in Indonesia through Law No. 33/2014 on Halal Product Assurance (UU JPH) and its implementing regulations such as Government Regulation No. 39/2021 and Government Regulation No. 42/2024 has thus far emphasized the obligation of halal certification, separation of halal from non-halal facilities, and clear labeling for consumer protection (BPJPH, 2014; PP 39/2021). However, environmental and social justice aspects have not been positioned as explicit parts of halal standards. Research on the sustainability of halal products in the post-market phase shows that post-certification halal supervision still focuses on procedural compliance, and has not yet addressed aspects of production sustainability and environmental responsibility (Thalhah et al., 2025). Therefore, this study recommends expanding halal regulations to include quality and eco-friendly parameters as an inseparable part of halal thayyib: for example, setting emission limits, waste management, clean energy use in halal production processes, and worker rights protection as additional criteria in the implementing regulations of UU JPH and related DSN-MUI fatwas on production.

The next recommendation is industry standardization through halal-ecological certification. Recent studies show that the integration of halal with sustainability standards such as ESG and eco-labeling can increase the competitiveness of halal products in the global market while preventing greenwashing by making Islamic ethics an additional filter against green claims (Pratama, 2024). In the Indonesian context, this standardization can be institutionalized through the development of a "halal and environment" certification scheme by BPJPH in cooperation with the Ministry of Environment and Forestry, for example by adopting indicators from Indonesia's Green Taxonomy and linking them to the halal audit process by LPH and MUI fatwas. Such a scheme would require that companies wishing to use the official halal label must also meet minimum standards for environmental management and social justice in their supply chains, so that maqashid hifz al-bi'ah and 'adl are operationalized in the form of measurable industry standards.

In terms of oversight, strengthening supervisory institutions and hisbah is key to enforcing khalifah-based production norms in the context of modern markets and the digital economy. Historically, hisbah was a public oversight institution that ensured economic activities proceeded justly, transparently, and in accordance with Sharia; recent research shows that this function is now being reinterpreted in the form of market oversight agencies, financial authorities, and investor protection mechanisms that combine classical ethics with modern regulation. Studies on Sharia Supervision in the Era of Blockchain and AI affirm that the concept of al-Hisbah can be adapted into a technology-based oversight framework that monitors Sharia compliance and fairness in transactions and corporate operations in real-time (A. K. Umam, 2026). In line with this, this study recommends (1) strengthening the capacity of BPJPH, DSN-MUI, and halal company internal oversight institutions as "modern muhtasib" monitoring the halal, social justice, and ecological aspects of production; (2) developing a digital hisbah model utilizing digital platforms, blockchain, and public reporting systems to monitor halal supply chains; and (3) synergy between state regulations and ulama fatwas so that the principles of khalifah and maqashid are genuinely reflected in law enforcement against production violations that damage the environment and oppress workers.

Thus, the normative and policy implications of the khalifah-based production legal philosophy construction do not stop at the conceptual level, but lead to concrete recommendations: reforming halal production rules to include ecological and social justice dimensions, developing halal-ecological certification as an industry standard, and strengthening both conventional and digital oversight institutions and hisbah as pillars of production norm enforcement in contemporary Islamic economics.

Conclusion

The homo economicus construction renders humans as rational profit-maximizing agents within a secular and utilitarian framework that does not constitute an adequate basis of production reality for a just and sustainable economy. This paradigm produces a profit-oriented production orientation that tends to ignore social justice and ecological limits, thereby contributing to inequality and environmental degradation. Conversely, the concept of khalifah fil-ard in Islam positions humans as holders of a divine trust responsible for managing the earth justly, in balance, and sustainably; within maqashid shariah, production is positioned as an act of worship that must simultaneously maintain human welfare and ecological integrity. Thus, at the ontological and normative level, khalifah replaces homo economicus as the primary subject in the construction of Sharia production legal philosophy, as it is capable of integrating the spiritual, social, and ecological dimensions absent from the neoclassical model.

Through a qualitative normative-philosophical approach and comparative analysis, this study reconstructs the basis of production reality in Islamic economics as maqashid- and sustainability-based production, and derives it into concrete normative and policy implications. Ideal Sharia production is characterized by the principles of 'adl (justice), tawazun (balance), and non-khashar (prohibition of damage and wastefulness) throughout the halal supply chain, which are then translated into norms such as halal-ecological certification (halal and ecology), ecological productive zakat design, strengthening digital hisbah, and green Sharia finance regulation. With this framework, the philosophy of Islamic economic law not only offers a critique of homo economicus, but also provides a conceptual foundation and policy direction for the formation of a production legal regime that explicitly accommodates ecological and social justice dimensions, so that Islamic economics has the potential to emerge as an alternative model of sustainable production amid contemporary environmental crises and global inequality.

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