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The Transformation of Arab Philanthropic Economy from Pre-Islamic to Post-Prophetic Period: A Historical-Managerial Study and Futuristic Relevance

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Abstract:

The inequality of wealth distribution, market exploitation, and the crisis of social values in contemporary global society point to the need for an alternative value-based economic model. This study aims to examine the transformation of the Arab economic system from the exploitative pre-Islamic era to the prophetic economic model during the time of the Prophet Muhammad, characterised by justice and spiritual orientation. This research employs historical, value-based management, and futuristic approaches. Through a review of classical and contemporary literature, as well as a critical analysis of the Prophet's economic practices, it was found that the early Islamic economic system was not only grounded in revelation (the Qur'an and Sunnah) but also responsive to social reality with a humanistic and inclusive approach. The Prophet established the foundations of micro and macroeconomics based on the values of tawhid, justice, and equitable wealth distribution, as demonstrated through the prohibition of usury, market supervision, and the application of philanthropic concepts such as zakat, infaq, sadaqah, and waqf. The results indicate that prophetic economics is integrative and adaptable to changing times, serving as a prototype for a more ethical and sustainable future economic system. This finding serves as the basis for reconstructing an Islamic economic model that is relevant to contemporary global civilisation.

Keywords : Prophetic Economy, Socio-Economic Transformation, Value Management, Islamic Philanthropy, Futuristic Relevance

Abstrak:

Ketimpangan distribusi kekayaan, eksploitasi pasar, dan krisis nilai sosial dalam masyarakat global kontemporer menunjukkan perlunya model ekonomi alternatif berbasis nilai. Studi ini bertujuan menelaah transformasi sistem ekonomi Arab dari masa pra-Islam yang eksploratif menuju model ekonomi profetik pada masa Rasulullah SAW yang berkeadilan dan berorientasi spiritual. Penelitian ini menggunakan pendekatan historis, manajemen berbasis nilai, dan futuristik. Melalui telaah literatur klasik dan kontemporer serta analisis kritis atas praktik ekonomi Rasulullah, ditemukan bahwa sistem ekonomi Islam awal tidak hanya bersumber dari wahyu (Al-Qur'an dan Sunnah), tetapi juga responsif terhadap realitas sosial dengan pendekatan humanis dan inklusif. Rasulullah membangun fondasi ekonomi mikro dan makro berbasis nilai tauhid, keadilan, dan distribusi kekayaan – melalui pengharaman riba, pengawasan pasar, serta penerapan

konsep filantropi seperti zakat, infaq, sedekah, dan wakaf. Hasil penelitian menunjukkan bahwa ekonomi profetik bersifat integratif dan adaptif terhadap perubahan zaman, serta mampu menjadi prototipe sistem ekonomi masa depan yang lebih etis dan berkelanjutan. Temuan ini menjadi dasar untuk merekonstruksi model ekonomi Islam yang relevan bagi peradaban global kontemporer.

Kata Kunci: *Ekonomi Profetik, Transformasi Sosial Ekonomi, Manajemen Nilai, Filantropi Islam, Relevansi Futuristik*

INTRODUCTION

Economics, in Arabic termed *al-iqtisād*, encompasses *al-tawassuṭ* (moderation) and *al-’i’tidāl* (balance, simplicity, and straightness).¹ Terminologically, economics is the study of human behaviour in managing scarce resources and their allocation to meet human needs.² Paul A. Samuelson and William D. Nordhaus define economics as the study of how society uses scarce resources to produce valuable commodities and distribute them to various individuals.³ Meanwhile, contemporary Muslim economist M. Umer Chapra defines Islamic economics as a branch of science that aims to achieve human welfare through the efficient and equitable allocation and distribution of resources, guided by the principles of Sharia.⁴ Thus, economics from both Islamic and modern perspectives aims to manage resources wisely to achieve human welfare fairly and sustainably.

As for philanthropy (charity), etymologically, it originates from the Greek word *philanthrōpía*, meaning love for fellow human beings.⁵ In the Islamic context, philanthropy is not only moral or social, but also has strong theological and structural dimensions. This concept is reflected in instruments such as zakat, infaq, sedekah, and wakaf, all of which aim to create social balance and systematically alleviate poverty.⁶ Unlike philanthropy in secular systems, which

¹ Rafiq Yunus Al-Mishri, *Uṣūl Al-Iqtisād Al-Islāmī* (Damascus: Dar al-Qalam, 2010), p. 13.

² Al-Mishri, *Uṣūl Al-Iqtisād Al-Islāmī*, p. 14.

³ Paul A. Samuelson and William D. Nordhaus, *Economics* (New York: McGraw-Hill, 2005), p. 4.

⁴ M. Umer Chapra, *The Future of Economics: An Islamic Perspective* (Leicester: The Islamic Foundation, 2000), p. 6.

⁵ Robert H Bremner, *Giving: Charity and Philanthropy in History* (New Brunswick: Transaction Publishers, 1996), p. 6.

⁶ Theadora Rahmawati and M. Makhrus Fauzi, *Fikih Filantropi* (Pamekasan: Duta Media Publishing, 2020), p. 9-10.

is optional and individualistic, Islamic philanthropy is institutionalised and forms part of a system of wealth distribution that is legitimate under Islamic law. M. Umer Chapra states that philanthropy in Islam is a vital instrument for achieving social justice, as it bridges economic inequality through ethical and sustainable value-based approaches and public policies.⁷ Therefore, philanthropy in Islam serves as a complement and reinforcement to the economic system, ensuring that wealth growth and distribution align with the values of justice and social responsibility.

In this study, the approaches used are historical, value-based management, and futuristic. The historical approach refers to the study of economic practices and philanthropy in the early period of Islam, examining classical sources such as hadith literature, history, and the life of the Prophet Muhammad. This approach is essential for tracing how the Prophet contextually applied economic principles within the social and political realities of his time, thereby identifying managerial patterns rooted in revelatory values and prophetic ethics. Value-based management refers to a management paradigm that not only emphasises efficiency and effectiveness but also makes divine values—such as justice, trustworthiness, benevolence, and the common good—the primary foundation for decision-making and resource management. This approach is essential because it integrates spiritual, moral, and social dimensions into economic and philanthropic practices. Meanwhile, the futuristic approach emphasises a forward-looking orientation, namely, how the Prophet's financial system can be used as inspiration in formulating a sustainable and socially just model of civilisation. Thus, these three approaches are used integrally to reinterpret past practices as a conceptual foundation for designing an Islamic economic system that is relevant to the challenges and hopes of the global community in the future.

⁷ Chapra, *The Future of Economics: An Islamic Perspective*, p. 185.

Studies on the transformation of economics and philanthropy from pre-Islamic to post-Islamic times are becoming increasingly relevant amid the multidimensional crises currently afflicting global society, including social inequality, uneven capital accumulation, and the erosion of human solidarity. The dominant conventional economic system tends to be profit-oriented and market-efficient, but often neglects distributive justice and moral values. In this context, early Islamic economic models offer an alternative that balances individual needs, social responsibility, and spiritual principles. This approach is not only normative but has also proven applicable throughout Islamic civilisation. Therefore, re-examining Islamic managerial values and philanthropic systems is crucial, not only as a historical inspiration but also as a conceptual foundation for developing a more ethical, inclusive, and sustainable economic system for the future.

RESEARCH METHOD

The research method in this article uses a historical, value-based management, and futuristic approach applied in an integrated manner. The historical approach is used to trace economic and philanthropic practices from pre-Islamic times to the time of the Prophet Muhammad SAW through a review of classical literature such as hadith, history, and sirah nabawiyah. Value-based management emphasises the integration of divine principles—such as tawhid, justice, trustworthiness, and benevolence—into decision-making and resource management. The futuristic approach aims to establish the relevance of the prophetic economic model for future civilisations. Research data was obtained through literature studies of classical and contemporary sources, then critically analysed to identify managerial patterns and early Islamic economic principles that can be adapted to modern contexts.

RESULTS AND DISCUSSION

Pre-Islamic Social, Political, and Economic Conditions in Arabia

Islam, as we know, originated in the Arabian Peninsula, specifically in the Holy City of Mecca. Understanding the social, political, and especially economic conditions in the region where Islam emerged is fundamental before examining how Prophet Muhammad *ṣallallāhu 'alaihi wa sallam*, as a Messenger and leader of a state, brought about significant transformations for the advancement of civilisation and the economy in the Arabian Peninsula, and even across the world. The Arabian Peninsula, before the emergence of Islam (around the 7th century CE), was situated between two major empires: the Byzantine Empire (also known as the Eastern Roman Empire) to the west and the Sassanian Empire of Persia to the East.⁸ Of the five regions in the Arabian Peninsula (Hijaz, Yemen, Tihamah, Najd, and Arudh),⁹ The Hijaz region was the most fertile and relatively more advanced than the other regions.¹⁰ The most important cities in the Hijaz region were Mecca, Yathrib (later renamed Medina), Taif, and Jeddah.¹¹ Unlike Madinah and Yathrib, which have fertile soil and rely heavily on agriculture, Makkah is arid and hilly, making trade the primary source of livelihood.¹² Therefore, the differences in geographical and geological conditions significantly influenced the economic activities of the Arab people at that time.

⁸ The Arabian Peninsula, with its elongated shape, is surrounded by striking geographical boundaries. To the north, it borders Palestine and Syria, to the East, it borders the Hirah region and the Tigris and Euphrates rivers, extending to the Arabian Gulf or Persian Gulf. Its southern part faces the Indian Ocean and the Gulf of Aden, while to the west lies the Red Sea. Thus, this region is surrounded by water and deserts, making it a highly strategic location.

M. Quraish Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis Hadis Shahih* (Jakarta: Lentera Hati, 2018), p. 50.

⁹ Yāqūt Al-Ḥamawī, *Mu'jam Al-Buldān* (Beirut: Dār Ṣādir, 1995), Vol. II, p. 137.

¹⁰ Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 52.

¹¹ Shihab, p. 51-52.

¹² Muhammad Abū Syuhbah, *Al-Ṣirah Al-Nabawiyyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah* (Damascus: Dār al-Qalam, 1992), Vol. I, p. 98; Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 54; Karen Armstrong, *Muhammad Prophet for Our Time*, ed. Yuhani Liputo (Jakarta: Mizan, 2007), p. 38, 46.

The *Badawiy* (Nomadic) and *Hadariy* (Sedentary) Communities

In addition to geographical differences, differences in social structure also influenced the economic activities of the Arab people.¹³ In pre-Islamic times, the Arab people were divided into two major social groups: the *Badawi* (nomadic) and *Hadari* (sedentary or settled) communities.¹⁴ Ibn Khaldun (d. 808 AH/1406 CE), a 14th-century genius of history, in his magnum opus, *Muqaddimah*, detailed the differences in character between the *Bedouin* and urban peoples. For example, the *Bedouin* lived a natural lifestyle, engaging in agriculture (farming) or livestock rearing. Additionally, the *Bedouin* people are content with necessities (*dārūriyy*), such as food, clothing, and shelter. In contrast, urban people tend to be accustomed to luxury and the fulfilment of secondary (*hājiyy*) and tertiary (*tahsīniyy*) needs in their lives and customs.¹⁵ Abū Syuhbah (d. 1403 H/1982 CE) in his sirah also describes the *Bedouin* society as dependent on livestock farming. They herd animals such as camels, cows, and goats, and move around following the rainy season and the locations of lush grasslands.¹⁶

In a similar vein, Asghar (d. 2013 CE/1434 AH) in *The Origin and Development of Islam* also describes the life of the *Bedouin* people. He adds that besides livestock farming, they also carried out raids on other tribes to meet their economic needs, often leading to *gazwah* (inter-tribal wars/raids).¹⁷ Therefore, the economy of nomadic tribes was highly limited and dependent on livestock and raids (*gazwah*). This raiding is not merely a criminal act but a traditional

¹³ Alternatively, conversely, economic activities influence the social order. Ibn Khaldun said that the differences between social structures in various living conditions (between the *Badawiy* and urban communities) stem from differences in the way they seek livelihoods. According to him, these differences are natural and inevitable. This aligns with the natural progression of human development, from fulfilling basic needs to comfort, and ultimately to luxury; from high mobility in the desert to a settled life in the city.

Abdurrahman Ibn Khaldūn, *Muqaddimah* (Beirut: Dār al-Fikr, 1981), pp. 149-150.

¹⁴ Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, Vol. I, p. 98.

¹⁵ Ibn Khaldūn, *Muqaddimah*, Vol. I, pp. 151-152.

¹⁶ Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, p. 98.

¹⁷ Asghar Ali Engineer, *The Origin and Development of Islam: An Essay on Its Socio-Economic Growth* (New Delhi: Orient Longman, 1980), p. 14; Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 51.

economic system. Additionally, the harsh desert conditions and scarcity of resources shaped the character of nomadic tribes, making them resilient and tenacious but lacking discipline and respect for authority. This highlights the serious challenges Muhammad faced in disciplining *the Bedouin* and subjugating them to the central authority he would later establish.

As for the urban (sedentary) community, as mentioned earlier, their livelihoods were divided into two primary forms: agriculture and trade. Some of them relied on agriculture, especially in areas with fertile soil such as Yemen, Thaif, Medina, Najd, and Khaibar. They cultivated various types of crops, including grains, fruits, dates, and vegetables. However, the majority of the settled population—especially those living in Mecca—made trade their primary economic activity.¹⁸ Thus, although agriculture flourished in some fertile regions, trade remained the backbone of the urban economy, particularly in Mecca.

It is essential to emphasise that the social conditions of the Arabs before the advent of the Prophet Muhammad were characterised by excessive pride in lineage and tribalism, particularly pride in the virtues of their ancestors. Interestingly, each tribe or clan was led based on what we now call meritocracy, where a leader was chosen based on their competence. The tribal leader was the bravest, most virtuous, and most skilled in leadership. Therefore, tribal leadership was not always inherited, except in cases where the leader's child demonstrated exceptional skills compared to other members of the tribe. This attitude was what eventually sparked conflicts between tribes. Every member of the tribe would defend their kin, whether they were right or wrong.¹⁹

The presence of tribal leaders was exploited by the two most powerful political forces of the time, Byzantium and the Sassanid Empire. For political and

¹⁸ Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, p. 98.

¹⁹ There is a saying among their people that states:

اُنْصُرْ اَخَاهُكَ طَالِبًاً اَوْ مَظْلُومًا

Defend your brother, whether he is the oppressor or the oppressed.
Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, pp. 56-57.

economic reasons, these two superpowers felt it necessary to establish their influence in an area that was mostly barren land. Wisely, rather than directly deploying troops to control a region that offered little in terms of resources, both powers competed for influence by forming alliances with tribal leaders. This form of cooperation proved to be far more efficient than direct control.²⁰

The lack of direct control by the Byzantine Romans and Persians did not conflict with the principles of the Arab people, who continued to love freedom and reject all forms of humiliation. It was like the Arab people to yearn for a free life, living and dying to defend their freedom. Another outstanding trait was their courage beyond reason, which was very helpful when Islam made jihad obligatory. Additionally, the Arab people are widely known for their generosity; they do not hesitate to slaughter livestock when guests arrive. The Arab people also understand the concept of *murū'ah*, which means maintaining honour. They are also renowned for their honesty and fulfilment of agreements.²¹ Thanks to this honesty, they were trusted as intermediaries in trade with regions in the East, such as India, connecting them with Syria, Byzantium, and others.

Makkah as a Trade Centre

Mecca held a strategic position in the trade network at the time, due to its remarkable location at the crossroads of routes stretching from north to south, from Palestine to Yemen, with other roads from East to west, connecting the Red Sea and the route to Ethiopia with the Persian Gulf.²² In addition to being a trade centre, the people of Makkah held a special status among the Arab tribes because they were the guardians of the sacred land (Haram) and the Ka'bah. This status ensured their security and the safety of their trade activities, as other Arab tribes respected them and refrained from interfering with their travel or commercial

²⁰ Fred M Donner, *Muhammad and the Believers at the Origin of Islam* (Cambridge: Harvard University Press, 2010), pp. 31-32.

²¹ Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, p. 95.

²² Engineer, *The Origin and Development of Islam: An Essay on Its Socio-Economic Growth*, p. 31.

activities.²³ This was a special favour granted by Allah to the people of Makkah, as stated in His words:

Do they not consider that we have made their land a sanctuary, while those around them are being seized? Why, then, do they still believe in falsehood and deny the favours of Allah? (Al-'Ankabūt [29]:67)

Thus, Makkah, as the birthplace of the Prophet Muhammad, became both a religious and economic centre due to its strategic location on international trade routes. It is no wonder that trade was considered the primary source of income and livelihood for the Quraysh tribe in Makkah. Even the merchants in Makkah had become extremely wealthy and achieved extraordinary prosperity.²⁴ The Quraish tribe had two major trade routes that were very famous: the winter journey to Yemen and the summer journey to Syria.²⁵ During these two journeys, they could travel safely, while the people around them lived in fear and turmoil. In addition to these two major journeys, the Quraish also conducted various other trade expeditions throughout the year.²⁶ Allah SWT bestowed this blessing upon them and immortalised it in Surah Quraish [106]: 1-4.

There were four prominent figures from the Quraish tribe of the Bani Abd Manaf clan who were immortalised as leaders of their people and skilled merchants. They were Hasyim (the Prophet's great-grandfather), who enjoyed trading in the region of Syria; Abd Syams to Abyssinia (Ethiopia); al-Muthalib to Yemen; and Naufal to the area of Persia.²⁷ Before these figures came to prominence, merchants from outside the Makkah region were the ones actively offering their goods for sale. However, through the economic activities carried

²³ Abū Syuhbah, *Al-Sīrah Al-Nabawiyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, p. 100.

²⁴ The prosperity and wealth of the people of Mecca stood in stark contrast to the nomadic lifestyle of the Bedouin tribe, who were constantly plagued by hunger and deprivation. The life of the Badawi tribe was bleak and harsh, as their tribes were constantly engaged in battles with one another, competing for access to water sources and grazing lands for their livestock.

Armstrong, *Muhammad Prophet for Our Time*, pp. 38-39.

²⁵ Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 60.

²⁶ Abū Syuhbah, *Al-Sīrah Al-Nabawiyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, p.100.

²⁷ Abdul Malik Ibn Hisyam, *Al-Sīrah Al-Nabawiyah Li Ibn Hisyām* (Cairo: Mustafa al-Babi al-Halabi Press, n.d.), Vol. I, p. 106.

out by these four figures, the financial structure of Makkah society underwent a significant transformation, which in turn contributed to improving the community's standard of living. From Yemen, they imported commodities such as leather, incense, and clothing, while from Syria they obtained oil, foodstuffs, silk, weapons, and various other goods. Some of their descendants continued these trading activities.²⁸ Thus, the four figures not only strengthened the Quraysh's position in the regional trade network but also laid the foundation for the economic growth and prosperity of the Makkah community at that time.

Some Arab nobles, such as Abu Thalib, Abu Lahab, al-Abbas, Abu Sufyan Ibn Harb, Abu Bakar, Zubair ibn Awwam, and others were also active in trade, either using their capital or through cooperation systems *such as muḍārabah*—as exemplified by the Prophet Muhammad SAW with Khadijah ra.²⁹ Trade activities were not only dominated by men but also involved women who even employed men in cross-city and cross-country trade activities. Among the prominent women in this field were Khadijah bint Khuwailid, who later became the wife of the Prophet Muhammad, and al-Hanzhaliyah, the mother of Abu Jahal.³⁰ This demonstrates that women's involvement in trade and business during the pre-Islamic era was common among Arab society.

However, gradually, the market economy began to disrupt the social order of Mecca. Like other metropolitan cities, Mecca began to be plagued by greed, selfishness, individualism, and ruthless competition. Some members of

²⁸ Ibn Katsir, *Al-Bidāyah Wa Al-Nihāyah* (Cairo: Sa'ādah Press, 1358), Vol. II, p. 253; Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Ḍau'i Al-Qur'ān Wa Al-Sunnah*, Vol. I, P. 99; Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 60.

²⁹ In addition to trading, some city dwellers, including prominent figures such as the Prophet Muhammad, Umar Ibn al-Khattab, and Ibn Mas'ud, worked as shepherds, and this was not considered demeaning, either for the nobility or the ordinary people. Industrial activity in Mecca was minimal. At that time, the industrial sector was primarily focused on producing simple weapons, including swords, knives, spears, arrows, and shields, as well as basic household items such as beds and similar furnishings.

Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Ḍau'i Al-Qur'ān Wa Al-Sunnah*, Vol. I, p. 99; Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, pp. 64-65; Ṣafiyyurrahmān Al-Mubārakfūrī, *Al-Raḥīq Al-Makhtūm* (Beirut: Dār al-Fikr, 2002), p. 37.

³⁰ Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 66.

society began to abandon the generous attitude that was, in fact, the most sacred trait of the Arab people. They started to accumulate personal wealth instead of generously sharing it with other members of society who were in need. Moreover, the elite often ignored the suffering of poor members of their tribe, exploited the rights of orphans and widows, and mixed their inheritance into their wealth. The wealthy feel advantaged by the stability they enjoy, believing that their wealth has become a guarantee of protection and safety for them.³¹ This phenomenon reflects a shift in social values within Meccan society, from collective solidarity toward a materialistic orientation that weakens social sensitivity and widens economic disparities.

There is a narration in *Sahih Ibn Khuzaimah* that captures the law of the jungle—the strong devouring the weak in the pre-Islamic era—as follows:³²

From Ummu Salamah bint Abi Umayyah Ibn Mugīrah, she said: When we arrived in the land of Habashah (Ethiopia), we passed by when King Najasyi came, and the one speaking with him was Ja'far Ibn Abi Thalib. He said to the King, "O King. We were once a narrow-minded people (Jahiliyah). We worshipped idols, ate carrion, committed abominations, severed family ties, mistreated our neighbours, and the strong among us oppressed the weak..." (HR. Ibn Khuzaimah)

The Practice of Usury in Arab Society

The practice of usury was once a common custom among the inhabitants of the Arabian Peninsula. It is strongly suspected that this dangerous social and economic disease spread among the Arabs due to the influence of the Jews, who permitted usury in transactions with non-Israelites. One of the most socially and morally destructive forms of usury is *ribā al-nasī'ah*, which involves adding to the debt as compensation for delaying payment, thereby increasing the debt's burden.³³ In usury practices, if the loan is in the form of an animal, the repayment

³¹ Armstrong, *Muhammad Prophet for Our Time*, p. 53.

³² Ibn Khuzaimah Al-Sulami, *Sahih Ibn Khuzaimah* (Beirut: al-Maktab al-Islami, n.d.), Vol. IV, p. 13.

³³ Abū Syuhbah, *Al-Sīrah Al-Nabawiyyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, Vol. I, p. 100.

must be greater than or equal to what was borrowed. For example, if an animal is lent for one year and has entered its second year, the repayment must be an animal that is two years old and has entered its third year. If the loan is in the form of goods, payment is made according to the agreement; however, if payment is delayed because the debtor is unable to pay, the debt must be paid in a larger amount—even doubled—as a condition for the delay.³⁴ This practice reflects a form of financial exploitation with adverse social and economic impacts.

The practice of usury is not only carried out by the general public but has also spread to the elite, including the Tsaqif tribe in Thaif.³⁵ Al-'Abbas, the uncle of Prophet Muhammad SAW, was known as a man of great wealth and was involved in usury practices. However, after the revelation of the verse prohibiting usury, the Prophet Muhammad explicitly abolished the usury practices of Al-'Abbas, starting with his own usury as a clear affirmation of the application of the law without exception, even against his closest relatives.³⁶ Islam emerged by explicitly prohibiting usury as a corrective measure against economic inequality. In addition to usury, Arab society also knew various types of buying and selling transactions, which Islam addressed by abolishing unfair forms and legitimising those consistent with sharia principles. These practices were then systematically codified in hadith literature and fiqh.

Futuristic Philanthropic Economic Management of the Prophet

Management Based on Divine Values

Value-based management in the context of early Islamic economics refers to a management paradigm that not only emphasises efficiency and effectiveness but also makes divine values—such as tawhid, khilafah, amanah, and social

³⁴ Such practices are prohibited by Allah SWT in the Qur'an:

If he (the debtor) is in difficulty, grant him time until he finds ease. You should remit the debt if you know that. (Al-Baqarah [2]:280)

Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 67.

³⁵ Abū Syuhbah, *Al-Sīrah Al-Nabawiyah Fī Dau'i Al-Qur'ān Wa Al-Sunnah*, Vol. I, p. 100.

³⁶ Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, p. 67.

justice—the primary foundation for economic decision-making and resource management.³⁷ During the time of the Prophet Muhammad, specific key values formed the basis of the economic system he later established. Among these were the values of tawhid, justice, social solidarity, and the equitable distribution of wealth, as well as philanthropic doctrines such as zakat, infak, sadaqah, and waqf, along with strict prohibitions against usury, trade monopolies, and various forms of fraud in transactions. The economic values derived from divine revelation, as outlined in the Quran and the Sunnah, provide a strong foundation for the principles of Islamic economics, which emphasise justice, blessings, compassion, and social equality.³⁸ This divine revelation serves as the source of economic thought, marking a fundamental difference between the Islamic economic system and the conventional economic system in their development.³⁹

After the Prophet Muhammad SAW was appointed as the Messenger around 610 AD, Islamic teachings emerged as a transformative force that was not only spiritual but also touched on the social, political, and economic aspects of Arab society. In Mecca, Islam was considered a religion that could bring about radical change, threatening the power base of the elite. Therefore, they welcomed Islam with excellent rejection and resistance.⁴⁰ Conversely, Islamic teachings, which were perceived as a threat to the prosperity of the Meccan oligarchy, were considered most suitable for people with low incomes and defended their cause. Therefore, it was only natural that those experiencing poverty, rather than opposing it, were the first to welcome the call of the Prophet.⁴¹ Therefore, it is not

³⁷ Yadi Janwari, *Pemikiran Ekonomi Islam: Dari Masa Rasulullah Hingga Masa Kontemporer* (Bandung: PT Remaja Rosdakarya, 2016), pp. 12-18.

³⁸ Nurul Pratiwi et al., "Analisis Sistem Ekonomi Pada Masa Rasulullah Sebagai Role Model Ekonomi Syariah Pada Era Modern," *Adz-Dzahab: Jurnal Ekonomi Dan Bisnis Islam* 8, no. 2 (2023): 153-66, p. 155, <https://doi.org/10.47435/adz-dzahab.v8i2.2215>.

³⁹ Abdul Azim Islahi, "History of Islamic Banking and Finance," *Intellectual Discourse* 26, no. 2 (2018): 403-429, pp. 405-406.

⁴⁰ Janwari, *Pemikiran Ekonomi Islam: Dari Masa Rasulullah Hingga Masa Kontemporer*, p. 7; Taha Husein, *Al-Fitnah Al-Kubrā* (Cairo: Dār al-Ma'ārif, 2002), p. 11; H.A.R. Gibb, *Mohammedanism: A Historical Survey* (New York: Oxford University Press, 1962), p. 26.

⁴¹ M. Sa'īd Ramaḍān Al-Būtī, *Fiqh Al-Sīrah Al-Nabawiyah Ma'a Mūjaz Li Tārīkh Al-Khilāfah Al-Rāsyidah* (Damascus: Dār al-Fikr, 1426), p. 71.

surprising that the Makkan surahs are filled with strong moral appeals to the wealthy, urging them to show empathy and social responsibility toward the underprivileged, such as the poor, orphans, and widows.

Asghar outlines at least two efforts made by the Prophet to improve economic inequality and build a just society. *First*, the Prophet emphasised unity by removing tribal ties. However, the Prophet could not create such a society in Mecca due to strong opposition. This was different in Medina, after the Prophet successfully established a state. *Second*, during his time in Mecca, the Prophet Muhammad emphasised complete equality among his followers regardless of their social status or origins. Slaves also enjoyed a certain degree of equality. The concept of equality was a powerful attraction for all those who had been marginalised in one way or another by the established interests in Meccan society. The Prophet Muhammad also defended the interests of those who, despite belonging to the same tribe or clan as wealthy merchants, were unable to perform as well as them, or those who felt neglected by them. He also emphasised that business transactions must be fair and free from all forms of fraud. One must also be very careful in weighing and selling.⁴² The Qur'an says in Surah Al-Muṭaffifīn [83] verses 1-6:

Woe to those who cheat (in measuring and weighing)! (They are) those who, when they receive a measure from others, demand that it be filled to the brim. (On the other hand,) When they measure or weigh for others, they reduce the amount. Do they not realise that they will be resurrected on a great day (the Day of Judgment), the day when all humanity will stand before the Lord of the universe? (Al-Muṭaffifīn [83]:1-6).

This verse describes how dishonest transactions, fraud, and similar acts were rampant in Mecca. Since there was no state authority capable of taking action against such fraud, the Prophet Muhammad had to condemn it as immoral behaviour and threaten the perpetrators with punishment on the Day of

⁴² Engineer, *The Origin and Development of Islam: An Essay on Its Socio-Economic Growth* p. 89.

Judgment.⁴³ Similarly, most of the other Makkan surahs also strongly condemn greed and the tendency to hoard wealth among the wealthy of Makkah. For example, in Surah Al-Humazah [104] verses 1-4 and Surah Al-Mā'ūn [107] verses 1-3.

Additionally, to foster harmony and address inequality in Mecca, the most effective strategy is to awaken the consciousness of the wealthy to demonstrate generosity toward those living in poverty and despair. In this context, Islam offers philanthropic instruments such as zakat,⁴⁴ which is not a state tax because the state structure had not yet been established. The Qur'an explicitly commands that part of zakat be spent to help the poor and those in debt, as an effort to reduce social tensions arising from economic inequality in Mecca. The Prophet Muhammad recognised that the concentration of wealth in the hands of a few could lead to social unrest, making the distribution of wealth through zakat a realistic and socially acceptable solution. This principle was later applied in Medina as part of efforts to maintain social stability and justice.⁴⁵

Thus, during his time in Mecca, the Prophet Muhammad prioritised the cultivation of faith and the strengthening of Islamic values, and did not issue many economic policies.⁴⁶ Economic activities at that time were limited to calls for honesty in trade, social equality, and mutual assistance, especially from the wealthy to the poor. Thus, during the Meccan period (pre-Hijrah), Islamic economic activities were still micro, characterised by personal trade interactions,

⁴³ Engineer, p. 90.

⁴⁴ In Mecca, zakat was understood as a voluntary form of almsgiving to purify wealth, which was not yet obligatory, but was encouraged by the Prophet Muhammad as a measure to ease social tensions, as reflected in several hadiths. In Medina, zakat was established as a state obligation after the formation of the government. According to Ibn Kathir (d. 774 AH), the formal obligation of zakat was only implemented in the second year of the Hijri calendar in Medina. However, the teachings regarding charity and zakat had already been commanded from the beginning of prophethood, as stated in the Quran: "And give its due on the day of harvest" (Al-An'ām [6]: 141); "And woe to those who do not pay zakat" (Fuṣṣilat [41]: 6-7). As for zakat with specific thresholds (*nisab*) and rates, it was explained and established in detail in Medina.

Ibn Katsir, *Tafsīr Al-Qur'ān Al-'Azīm* (Beirut: Dar al-Kutub al-Ilmiyyah, 1998), Vol. VII, p. 150.

⁴⁵ Engineer, *The Origin and Development of Islam: An Essay on Its Socio-Economic Growth*, p. 90.

⁴⁶ Yuana Tri Utomo, "Perilaku Ekonomi Nabi SAW Periode Makkah: Inspirasi Dari Qur'an Surah Al-Furqan Ayat 7," *JAHE: Jurnal Ayat Dan Hadits Ekonomi* 1, no. 1 (2023): 1-5.

the application of principles of muamalah such as *muḍārabah*, and ethical oversight of market practices. The Prophet did not yet have state authority, so economic development was carried out through moral and divine values, with a focus on fair transactions, prohibiting market monopolies, and fostering an honest trading culture. Conversely, after migrating to Madinah, the Prophet began to establish a macroeconomic system with the establishment of the Islamic state. He designed fiscal policies such as zakat and ganimah, and regulated the collective distribution of wealth.

Social Management in Medina

After the Prophet Muhammad SAW migrated to Medina, the socio-economic structure of Medina was divided into two main groups. The first group consisted of the wealthy Ansar, who controlled the majority of the city's economic resources, including houses, agricultural land, and other assets. Meanwhile, the second group consisted of the poor, most of whom were Muhajirin who had left all their possessions in Mecca to uphold their Islamic faith, as well as a small number of Ansar who lived in poverty. Therefore, one of the first steps taken by the Prophet Muhammad after migrating to Madinah was to build the Prophet's Mosque (Masjid Nabawi), which served not only as a place of worship but also as a centre for social activities, education, and consultation, as well as fostering brotherhood between the Muhajirin and the Ansar.⁴⁷ This was one of the Prophet's social management strategies that would later have a significant impact on the economic management of the Muslim community in Madinah. In this context, an urgent need arose to create a financial balance among community members to realise the principle of fair wealth distribution.

In addressing this economic disparity, Prophet Muhammad SAW directed his economic policies toward empowering and improving the welfare of the poor, without seizing or reducing the assets of the wealthy. He did not adopt a direct wealth redistribution approach from the rich to the poor, as such a method

⁴⁷ Robi, *Sejarah Pemikiran Ekonomi Islam: Kebijakan Dan Praktek Ekonomi Rasulullah SAW* (Indramayu: Penerbit Adab, 2023), pp. 41-42.

was not a sustainable or forward-thinking development strategy. As a Messenger and lawgiver, if the Prophet had taken such a step, it could have set a precedent for Muslim leaders afterwards to seize the wealth of the wealthy under the pretext of balancing income and wealth distribution. Such practices could have negative consequences, including loss of work motivation and investment, disruption of economic stability, and the potential emergence of social conflicts. Therefore, although technically feasible and even supported by some wealthy individuals, the Prophet rejected the approach of forced redistribution to uphold the principles of justice, productivity, and social-economic resilience of society.⁴⁸

The Ansar once asked the Prophet Muhammad SAW to divide the ownership of assets between them and the Muhajirin, as narrated by al-Bukhari (d. 256 AH) as follows:⁴⁹

From Abu Hurairah, may Allah be pleased with him, who said: The Ansar said to the Prophet, "Divide this date-palm grove between us and our brothers." He said, "No." Then he said, "You give us the work of tending the date-palm grove, and we will share with you in its fruit." They said, "We hear and we obey." (Reported by Bukhari)

Based on the above account, the Prophet firmly rejected the proposal to divide ownership of assets, especially productive assets that were very valuable in the Arabian Peninsula. As an alternative, the Prophet decided that the Ansar should continue to manage the orchards and provide jobs to the Muhajirin, so that the harvest would be shared. The Ansar responded with complete obedience, saying, "We hear and obey." This demonstrates that the Ansar were indeed willing to share their wealth with the Muhajirin. However, the Prophet rejected this idea and established the principle of cooperation in the utilisation of resources, not in the form of joint ownership of assets or the "sharing" of property.

⁴⁸ Abdurauf Muhammad, "Al-Siyāsāt Al-Iqtisādiyyah Fī 'Ahd Al-Nabī Muhammad SAW Al-Fa'āliyyah Wa Imkāniyyah Al-Istifādah Minhā Fī Ḥālah Al-Miṣriyyah," *Al-Majallah Al-'Ilmiyyah Li Qitā'i Kulliyyāt Al-Tijārah* 24, no. 1 (2020), pp. 365-366.

⁴⁹ Muḥammad Ibn Ismā'īl al-Bukhārī, *Ṣaḥīḥ Al-Bukhārī* (Beirut: Dār Ṭauq al-Najāh, 1422), Vol. III, p. 190.

This principle underscores the Prophet's approach, emphasising social justice and economic development without abolishing private property rights.

After successfully uniting the Muhajirin and the Ansar as a social strategy to integrate Muslims who had recently migrated to Medina, the Prophet Muhammad took his next strategic step by establishing intensive communication with Jewish leaders, who were the heads of various social entities in Medina. This approach was not purely political but also prioritised principles of humanism and interfaith tolerance. The Prophet understood that social stability and security in Medina could not be achieved without involving all elements of society, including the Jewish community, which held significant influence within the social structure at the time. Therefore, the Prophet Muhammad prioritised a dialogic approach and peaceful coexistence, which later became the foundation for the establishment of the Constitution of Medina as a social and political contract binding all components of society. The Prophet's humanistic approach demonstrated the superiority of his inclusive and visionary prophetic leadership strategy in building a pluralistic society.

Microeconomic Management and Production Resources

The Prophet Muhammad adopted development policies to address issues of inequality in the distribution of income and wealth within society. These policies were based on the principle of empowering the poor economically without sacrificing the property rights of the wealthy, and were oriented toward achieving sustainable economic development. This approach was realised through the creation of new economic resources that could be owned by people experiencing poverty and those willing to work and strive. This was achieved through a series of strategic steps, some of which can be explained as follows:

Revitalising Unproductive Land (*iḥyā al-mawāt*)

One concrete effort is to encourage the process of *iḥyā' al-mawāt*, or the revival of dead (unproductive) land, by providing spiritual encouragement and religious motivation to mobilise the community. In this context, the Prophet's policy in creating a balanced distribution of income and wealth is based on the

utilisation of economic resources that have not been optimally utilised but are available to the community at large. The primary focus is on the utilisation of labour—as the most essential production factor and one possessed by every individual—to serve as a means of acquiring ownership.⁵⁰ In other words, the process of acquiring ownership of land or resources is achieved through tangible efforts, namely, reviving or managing abandoned land to make it productive, thereby facilitating fair ownership and encouraging participation in economic development.

This policy is recorded in the hadith narrated by Abu Daud (d. 275 AH), al-Thabarani (d. 360 AH), and Abu Nu'aim (d. 430 AH) as follows:⁵¹

Whoever is the first to obtain something that a Muslim has not claimed, it becomes his property. So, people went out running, drawing lines and marking the land as boundaries of ownership.

This hadith illustrates the Islamic principle that ownership rights can be acquired through "*al-sabaq*" (being the first), provided that another Muslim has not yet claimed ownership of the object. For example, in the context of resources such as land or water, whoever first claims or utilises it lawfully is entitled to it.

Managing Assets to Avoid Purely Consumptive Behaviour

The Prophet Muhammad also urged wealthy individuals to preserve and maintain their wealth, rather than squandering it in a wasteful manner, so that they would not fall into poverty. This is reflected in his saying:⁵²

"Whoever sells his house or land and does not use the proceeds to buy something similar, it is feared that there will be no blessing in his wealth."
(HR. Ibn Majah).

⁵⁰ Muhammad, "Al-Siyāṣāt Al-Iqtisādiyyah Fī 'Ahd Al-Nabī Muhammad SAW Al-Fa'āliyyah Wa Imkāniyyah Al-Istifādah Minhā Fī Ḥālah Al-Miṣriyyah," pp. 366-367

⁵¹ This hadith is recorded by several hadith scholars, including: Abū Daud Al-Sijistānī, *Sunan Abī Daud* (Beirut: al-Maktabah al-'Aṣriyyah, n.d.), Vol. III, p. 177; Al-Ṭabarānī, *Al-Mu'jam Al-Kabīr* (Cairo: Maktabah Ibn Taimiyyah, 1994), Vol. I, p. 280; Abū Nu'aim Al-Asbīhānī, *Ma'rīfah Al-Ṣahābah* (Riyadh: Dār al-Waṭan, 1419), Vol. I, p. 346.

⁵² Ibn Majah, *Sunan Ibn Mājah* (Cairo: Dār Iḥyā' al-Kutub al-'Arabiyyah, n.d.), Vol. II, p. 832.

This hadith conveys a crucial message about the importance of preserving productive assets, as well as an exhortation that the proceeds from the sale of wealth should not be spent solely on consumption, but instead redirected to similar assets that retain their economic value. In this way, the Prophet encouraged the accumulation of capital and the preservation of wealth to ensure the sustainability of individual financial well-being, thereby preventing individuals from falling into poverty due to the mismanagement of their wealth.

Collecting Zakat from Productive Assets Left Unused

The obligation to pay zakat on wealth that is stored and not put to productive use is a principle that, according to this study, can be applied to all types of wealth, whether in the form of cash or other tangible assets. In this view, someone who possesses economic resources with productive potential does not have the right to prevent their utilisation and remove them from the production process, thereby causing society to lose the benefits of that wealth. For example, an individual who owns a piece of agricultural land has no legitimate reason to leave it uncultivated and unused without a valid excuse. Such actions harm the interests of the broader community and prevent them from exercising their collective rights to the benefits of those resources.⁵³

In this context, the government or authorised authorities have the right to require the owner to cultivate the land, lease it, or transfer it to another party willing and able to manage it for the public good. If the land remains unproductive for a whole year (haul), this study argues that the economic principle of zakat on stored wealth (which is not used productively) can be applied to the asset. This is intended as a moral and economic sanction to encourage asset owners to maintain and optimise the use of their wealth within the framework of active economic resources. Furthermore, allowing economic resources to remain idle without being utilised falls under the category of

⁵³ Muhammad, "Al-Siyāsāt Al-Iqtisādiyyah Fī 'Ahd Al-Nabī Muhammad SAW Al-Fa'āliyyah Wa Imkāniyyah Al-Istifādah Minhā Fī Ḥālah Al-Miṣriyyah," p. 368

wasting wealth, which is explicitly prohibited by the Prophet Muhammad SAW as stated in his saying:⁵⁴

Indeed, Allah has forbidden you from being disobedient to your mother, burying your daughters alive, refusing and demanding (greedily), and Allah does not like three things among you: excessive talk (whose truth is uncertain), asking too many questions, and wasting wealth.

State and Market Management

The Madinah Charter for Fostering Harmony

One of the strategies implemented by the Prophet Muhammad as a leader to achieve security, peace, and harmony among all the people of Medina was to formulate the Medina Charter. This was because, in addition to the Aus and Khazraj tribes who had embraced Islam, Medina was also home to Jews from three major tribes: the Bani Quraizah, Bani Nazhir, and Bani Qainuqa. Additionally, there were also polytheistic communities. All the people of Medina needed to be bound by a treaty that could guarantee security, freedom of life and religion, as well as harmony among themselves. The Medina Charter contained at least 16 articles outlining the rights and obligations of Medina's citizens, which must be adhered to. In this formulation, it becomes clear that the concept of "community" is not limited to those who share the same religion, but also encompasses individuals who, despite their religious differences, share common goals. The Medina Charter is considered a very futuristic form of management by the Prophet, as its contents far precede the formulations of religious freedom and human rights known in the modern era.⁵⁵

- a) The Prophet's Policies in Market Management and Support for Economic Freedom

⁵⁴ Muslim Ibn al-Hajjāj, *Ṣaḥīḥ Muslim* (Cairo: Dār Ihyā' al-Kutub al-'Arabiyyah, 1955), Vol. III, p. 1341.

⁵⁵ Shihab, *Membaca Sirah Nabi Muhammad: Dalam Sorotan Al-Qur'an Dan Hadis-Hadis Shahih*, pp. 493-496.

The market was the second institution established by the Prophet Muhammad SAW in Medina after the hijrah. The Prophet established a market for Muslims in the Munakhah area, located west of the Prophet's Mosque, in the early years after the hijrah. This step aimed to free Muslims from the economic domination of Jews who controlled other markets in Medina. It is narrated that the Prophet once visited the Nabiṭ market and said, "This is not a market for you." He then visited another market and made a similar statement before finally returning to a specific location, circling it, and declaring: "This is your market; there shall be no reduction, and no tax or levy shall be imposed upon it."⁵⁶

In another narration, it is mentioned that a man came to the Prophet and said, "By my father and mother, O Messenger of Allah, I have seen a suitable place for a market. Would you like to inspect it?" The Prophet replied, "Yes." So he accompanied the man until they reached the designated location. After seeing the place and liking it, he struck the ground with his foot and said, "Indeed, this is your market. Do not destroy it and do not impose taxes on it."⁵⁷

The market is open-air with no permanent structures. Vendors arrive in the morning, and those who arrive first are entitled to set up their stalls until the end of the day, then take their goods back the next day. In managing the market, the Prophet implemented the principle of limited economic freedom, bound by Sharia regulations. Commercial activities were given freedom but remained within the framework of Islamic moral values and legal rules, aimed at maintaining justice, transparency, and balance in economic activities.

Market Supervision Based on Islamic Principles and Standards through the Function of Supervision and the *Hisbah* Institution

The Prophet Muhammad SAW established market supervision mechanisms based on Islamic principles and standards. This was done through direct supervision, the establishment of regulations, and the development of market supervision functions known as the concept of *hisbah*. The Prophet

⁵⁶ Ibn Majah, *Sunan Ibn Mājah*, Vol. II, p. 751.

⁵⁷ Al-Ṭabarānī, *Al-Mu'jam Al-Kabīr*, Vol. XIX, p. 264.

outlined several provisions and rules governing transactional activities, prohibiting fraudulent practices and monopolies (*ihtikār*), and establishing procedures for resolving disputes among market participants. All of this is based on numerous hadiths containing guidelines for business ethics and principles of justice in trade.

The Prophet regularly visited markets to ensure that all buying and selling activities were conducted in accordance with Islamic norms. One account mentions that the Prophet once passed by a pile of food, then inserted his finger into the pile and felt moisture inside. He asked the owner of the food, "What is this, O owner of the food?" The man replied, "It was exposed to rain, O Messenger of Allah." The Prophet rebuked him, "Why did you not place it on top so that people could see it? Whoever deceives is not one of us."⁵⁸

As part of institutionalising market oversight, the Prophet also appointed officials tasked explicitly with monitoring market activities and ensuring that trade practices complied with Islamic guidelines. This position came to be known as *al-muhtasib*. The Prophet appointed Sa'id Ibn al-'Ash Ibn Umayyah to oversee the market in Mecca after its conquest, and the Prophet also appointed Umar Ibn al-Khattab to monitor the market in Medina.⁵⁹ The function of *hisbah* became an important element in the Islamic economic system as an instrument for maintaining transparency, ethics, and justice in market activities.

The Prophet's Strategy in Addressing Inflation and Price Increases

In the eighth year of the Hijri calendar, Muslims faced rising prices of goods. In this situation, some companions asked the Prophet Muhammad SAW to set official prices in the market. However, he refused direct intervention in prices, saying:⁶⁰ "Verily, it is Allah who sets prices, who restricts and expands provision, and who provides sustenance. I truly hope to meet my Lord with none

⁵⁸ Ibn al-Hajjāj, *Sahīh Muslim*, Vol. I, p. 99.

⁵⁹ Bedjo Santoso and Abdul Aziz, *Pemikiran Dan Praktik Ekonomi Islam Sejak Masa Nabi Muhammad SAW Hingga Masa Kontemporer* (Gresik: Inspirasi Media Pustaka, 2022), p. 32.

⁶⁰ Abu 'Isa Al-Tirmidhi, *Sunan Al-Tirmidhi* (Cairo: Dar Ihya al-Kutub al-'Arabiyyah, n.d.), Vol. III, p. 597.

of you holding me accountable for injustice in matters of blood or wealth." (HR. al-Tirmidzi). This statement affirms that the Prophet did not adopt a coercive or regulatory approach in regulating prices in the market, as such measures could lead to injustice and disrupt market balance. However, this does not mean that he was passive in the face of the inflationary phenomenon. On the contrary, the Prophet adopted an indirect and educational policy approach to maintain price stability and overall economic stability.

The Prophet's strategy in addressing inflation focused on controlling aggregate demand, particularly individual and societal consumption. This was achieved through a series of moral and ethical teachings conveyed in the form of guidance and instructions that encouraged moderation, frugality, and fostered a culture of balanced consumption. Thus, the Prophet's policies in this context prioritise the development of collective awareness and economic behavioural reform as the primary instruments for controlling inflation without directly interfering with market mechanisms.

Economic Management and Philanthropy of the Prophet (610-632 CE)			
No	Type of management	Steps and Strategies	Location
1	Divine Value-Based Management	<ul style="list-style-type: none"> a. Revelation (the Qur'an and Sunnah) as the source of the Prophet's economic thinking b. Divine Values as the primary foundation: tawhid (monotheism), khilafah (caliphate), and amanah (trust). c. Principles: moderation (<i>i'tidāl</i>), efficiency, social justice, income distribution, honesty, and blessings. d. The doctrine of philanthropy (ZISWAF) and the prohibition of usury, trade monopolies, and fraud in transactions. 	Mecca and Medina
2	Social Management in Madinah	<ul style="list-style-type: none"> a. Construction of the Prophet's Mosque b. Uniting the Muhajirin and Anshar c. Conducting communication and a humane approach with the Jewish leaders of Madinah 	Madinah
3	Microeconomic Management	<ul style="list-style-type: none"> a. Revitalising Unproductive Land (<i>ihyā al-mawāt</i>) 	Madinah

	and Production Resources	b. Managing Assets to Avoid Purely Consumptive Use c. Collecting Zakat from Productive Assets Left Unused	
4	State and Market Management	a. Formulation of the Madinah Charter to Foster Harmony b. Market Management and Its Support for Economic Freedom c. Market Oversight Based on Islamic Principles and Standards Through the Oversight Function and the <i>Hisbah</i> Institution d. The Prophet's Strategies in Addressing Inflation and Price Increases e. Sources of state revenue: <i>spoils of war, fai', anfal, zakat, jizyah</i>	Madinah

The Futuristic Relevance of Early Islamic Economic Management for Civilisation

The Islamic economic system established by the Prophet Muhammad demonstrated remarkable managerial order. Although it did not use technical terms found in modern management science, the financial practices carried out in reality reflected the basic principles of POAC: *Planning, Organising, Actuating, and Controlling*.⁶¹ The Prophet began by establishing a wealth distribution plan through zakat, ganimah, and other social initiatives. In its implementation, the Prophet actively monitored the progress of economic policies and did not hesitate to intervene directly to correct any deviations. This demonstrates that Islam is highly sensitive to the structured and responsible management of resources and the equitable distribution of welfare.

More than just a technical managerial system, early Islamic economics was built on a solid foundation of values integrated with revelation. Concepts such as justice, trustworthiness, social responsibility, and blessings are not merely personal ethics, but form the basis for collective decision-making and public policy. This is where the *Value-Based Management* approach becomes relevant, as

⁶¹ M. Yusuf, *Teori Manajemen* (Sumatera Barat: Yayasan Pendidikan Cendekia Islam, 2023), pp. 27-30.

the Islamic economic system is not driven solely by profit, but by the creation of sustainable social and spiritual value. Every distribution of zakat is not merely an administrative act but a tangible manifestation of the value of social compassion (rahmah) that uplifts the welfare of the underprivileged. The harmony between institutions, policies, and economic objectives, combined with the values of transparency and accountability, makes this system not only efficient but also fair and ethical. It is these values that make the Islamic economy relevant across time, as it touches on the essence of humanity and social responsibility within the framework of worship.

The strength of the early Islamic economic system also lies in its long-term vision. The policies of the Prophet Muhammad were designed not only to address immediate needs but also to build a foundation of social justice that could withstand the changes of time. For example, the concept of reviving barren land (*iḥyā al-mawāt*) provides opportunities for ownership and economic productivity to the poor without depriving the wealthy of their rights. Waqf also serves as a social investment instrument that can endure across generations. In this context, the Islamic economic system is highly compatible with the principles of *sustainable development*, which have now become a global mainstream. The values and structures established during the time of the Prophet Muhammad provide an inclusive development model that is grounded not only in data and numbers but also in moral values and spiritual vision. This model is highly relevant for addressing the systemic crises in modern capitalist economies, which often exhibit exploitative and unjust characteristics.

When analysed from a futuristic perspective, the early Islamic economic approach holds great potential as a prototype for future economic systems. With the growing global demand for transparent, equitable, and value-based governance, the management model of the Prophet Muhammad SAW can serve as an innovative and adaptive reference for technology. Digital zakat and waqf, automatic distribution based on beneficiary data, and blockchain-based social

finance systems are some modern adaptations that remain rooted in the principles of early Islam. Value-based management is also increasingly relevant in the era of disruption, as it provides a stable ethical compass amid the sophistication of algorithms and the acceleration of capitalism. This is where the importance of integrating management principles with revelatory values lies in building a futuristic contemporary Islamic economic governance system – one that is not only systemically intelligent but also morally noble.

Thus, early Islamic economics and philanthropy are not only worthy of being remembered as a glorious chapter in civilisation, but also as a conceptual source of inspiration for the formulation of a more ethical and humane modern economic system. The combination of managerial governance and revelatory values forms a robust and comprehensive economic system. Amidst the crisis of trust in the global capitalist system and the need for a more moral direction for development, Islam offers a foundation that is not only efficient but also grounded and oriented toward the hereafter. Therefore, it is time for Muslims and the world at large to view prophetic economics not merely as a spiritual alternative but as a rational proposal worthy of testing, development, and application in various contemporary and future contexts.

SIMPULAN

The transformation of economics and philanthropy from the pre-Islamic era to the time of the Prophet Muhammad SAW reflects fundamental changes in social paradigms, wealth distribution, and moral responsibilities within society. In the pre-Islamic era, the Arab economic system was characterised by exploitation and inequality, dominated by the merchant elite, widespread usury, market monopolies, and inadequate protection for the poor and marginalised. However, with the advent of Islam through the teachings of the Prophet Muhammad SAW, the economic orientation began to shift toward the principles of monotheism, justice, and social welfare. The teachings of the Quran and Sunnah encouraged the abolition of usury, the enforcement of honesty in

transactions, and the implementation of mandatory and structured philanthropic instruments such as zakat, infak, sedekah, and wakaf. This transformation was further strengthened when the Prophet migrated to Medina, where the state's economic management system began to take shape through fiscal policies and market oversight based on ethics and justice. Thus, the era of the Prophet marked the birth of a prophetic economic model that not only sought material prosperity but also fostered spiritual and social awareness in the management of communal wealth.

The economic and philanthropic system during the time of the Prophet Muhammad SAW reflected a futuristic value-based managerial transformation. Amidst inequality and exploitation, Islam brought about comprehensive reforms that emphasised wealth distribution, social responsibility, and the integration of faith in economic activities. The economic policies of the Prophet and the caliphs, based on *Value Based Management* (VBM), high philanthropic doctrines (generosity and compassion), and excellent leadership, proved capable of creating a robust and prosperous Islamic civilisation. In the face of current global economic challenges, the early Islamic economic model has once again become relevant as an alternative framework for building a more humane, ethical, and civilised civilisation.

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