


INTEGRATION OF STRATEGIC MANAGEMENT AND ISLAMIC BUSINESS ETHICS FOR ISLAMIC ECONOMIC DEVELOPMENT

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Abstract

This research aims to discuss the integration between strategic management and Islamic business ethics in encouraging the development of a just and sustainable Islamic economy. The research approach used is quantitative method with literature study research type. This study found that managerial strategies that are aligned with Islamic ethics are able to increase trust, consumer loyalty, and contribution to the welfare of the people (masalahah). Islamic business ethics is not only a moral guideline, but also an effective strategic tool in decision making and business management. In conclusion, the integration of strategic management and Islamic ethics can be a strong foundation in building an inclusive, competitive and sustainable Islamic economic system. This research recommends the need for internalization of Islamic values in managerial practices to support a more meaningful economic transformation.

Keywords: Strategic Management, Islamic Business Ethics, Islamic Economic Development.

Introduction

Islam is one of the major religions that has a significant impact on the daily lives of millions of people worldwide. Islam is a religion practiced all over the world. Islam governs many facets of life, including business management and company management, in addition to providing spiritual guidance. Globalization has made the integration of Islamic beliefs with corporate business ethics and strategic management a more pertinent and significant topic of discussion (Fathi Ismail Hawari & Nabhan Fadhilah, 2023).

The process of merging or integrating disparate components into a cohesive whole is known as integration. Ethics are moral principles that people or organizations apply to their behavior. In Islamic business ethics, the moral behavior that is employed in a business or firm must be founded on the principles of sharia. The practice of coordinating and planning to accomplish objectives is called management.

Businesses are gradually understanding that they need to modify their business strategies in light of the growth of the Islamic economy and the growing demand from customers for goods and services that adhere to sharia principles. Growing consciousness of social responsibility and sustainability is also encouraging businesses to consider their effects on the environment and society, which is consistent with Islamic business principles (Andarwati et al., 2023).

Business ethics and strategic management are difficult to implement. Limited resources, stakeholder conflicts of interest, and a lack of supportive rules are common problems for businesses. stakeholder interests as well as the absence of laws that support them. Furthermore, the Covid-19 pandemic's impacts have made matters more complicated by highlighting the pressing need for a more adaptable and creative strategy for managing a sustainable company. managing a long-term company (Langsani et al., 2024).

Studies on how the integration of strategic management and Islamic business ethics practically contributes to Islamic economic development are still relatively limited. Therefore, it is important to conduct this research to further analyze the integrative role as an effort to create a just and sustainable Islamic economic order.

Methods

This research is a type of descriptive research using a quantitative approach (Nur Fitrianti et al., 2024), where researchers collect various related literature and analyze the data obtained to compile the desired material. Secondary sources are a category of data sources used in this research. Literature sources are an example of secondary data sources.

This research uses literature study as a data collection method, which involves collecting information about the research topic from books, journals, which have been published previously. Investigating, transforming, and revealing information from accessible data is the purpose of this data analysis (Rosyid, 2024). Various situations relating to the integration of strategic management and Islamic business ethics in promoting Islamic economic development are described in this study.

Result and Discussion

The Concept of Strategic Management in Islamic Economic Perspective

Increasingly complex and rapidly changing business world, strategic management has become an essential element for corporate success. The view of strategic management is not just a series of routine actions, but also a combination of art and science needed to effectively achieve organizational goals (Wahyuni Nurindah Sulistiowati et al., 2023). Planning, organizing, mobilizing, and controlling are some of the management functions that fall under the scientific concept of strategic management. These functions influence each other and are used to make strategic organizational decisions that will help the organization achieve its goals effectively and efficiently.

Fred R. David and Forest R. David define strategic management as a blend of art and science that is developed, applied, and assessed within an organization to help the organization achieve its goals. Two important elements are at the core of strategic management, namely (1) the three ongoing processes (analysis, decision, action) and (2) the study of why organizations can perform better than others (Ramly & Syukur, 2018). The category of strategic management activities consists of four stages: (1) environmental analysis, (2) strategy formulation, (3) strategy implementation, and (4) evaluation and control (Padmakusumah et al., 2024). The main emphasis of this definition is on the decision-making and coordination process for each functional component of the business, both internally and externally.

Conventional management techniques are criticized by Islamic economics as products of capitalism. management techniques as tools of capitalism. They claim that conventional management pays excessive attention to material and profitability as its main objective is to seek and maximize profits. Traditional strategic management ignores spiritual ideals in favor of material considerations. This is in contrast to the idea of Islamic management, which emphasizes the need to develop activities that are halal in terms of goods, means of acquisition, and benefits. Furthermore, unlike conventional management that views customers only as sales targets, Islamic strategic management considers customers as partners in business development, upholding ethics in the process.

Every company has the autonomy to choose its own management approach, which, in his opinion, can help ensure the sustainability of the enterprise. It is impossible to prevent issues relating to anomalies as the economy and company develop. The use of sharia-based strategic management aims to research, test, and analyze all continuous processes in order to direct and regulate them in a way that supports the company's objectives and success while adhering to Islamic law. Reviewing, controlling, and assessing all strategy implementation activities as well as the degree of operational performance is made easier with the help of business strategic management (Alisa et al., 2024). Strategy implementation is a process that requires support from all employees and staff. The motivation process is needed so that employees optimally support the strategies that are being and will be implemented (Iskandar et al., 2022).

Strategic management must take Islamic principles into consideration when planning and making wise choices. In order to accomplish objectives by aligning decisions with Islamic principles, planning is the process of identifying the organization's goals and developing relevant strategies or approaches that are suitable and do not contravene Islamic law. between choices using the resources that are already in place (Huda, 2022). Planning also entails making decisions with specific objectives that will be carried out in the future with systematic, ongoing monitoring and assessment. Methodically and consistently (Tajang & D, 2020).

The process of choosing an option from a range of options while accounting for current internal and external circumstances is known as decision-making. Therefore, data-driven decision-making that considers established issues before reaching a conclusion will be superior. When the verses 2 and 3 of the at-Thalaq are applied to management, the significance of decision-making is revealed. A leader is constantly given options, but they must be able to choose the best one the optimal choice (Falah, 2017).

The map of market competition, the winners are those who are able to be efficient, effective, serve well, quality, and market-oriented. So it is very important to build good strategic management (Iswanto et al., 2019). The translation process of vision, mission, goals, and fundamental beliefs, values, and strategies into targets and strategic initiatives that are thorough, logical, quantifiable, and balanced is the basis of strategic planning in strategic management based on the Balanced Scorecard. A modern management tool called the balanced scorecard is utilized to increase an organization's capacity to multiply financial performance. The output generated by the strategic formulation step is translated through strategic formulation. Four qualities will be included in a

strategic plan created using the Balance Scorecard framework: comprehensive, coherent, quantifiable, and balanced (Setiyani, 2019).

The development of strategic planning on how MSMEs can have a better position than their rivals in order to win the competition is the main focus of an excellence-based strategic management strategy that can compete in increasing performance, such as MSMEs. Internal and external environmental analysis, strategy formulation, strategy implementation, evaluation/assessment, and control are some of the processes that make up the strategic management method (Ika Purwanti, 2021).

Islamic Business Ethics: Normative and Practical Foundations

According to Islam, whatever leads to welfare of the individual or society is morally good and whatever is injurious is morally bad (Wazin et al., 2023). Business activities are then assessed not by what is effective or efficient but by what is morally defensible (Syaharuddin et al., 2024). Muhammad Djakfar asserts that Islamic business ethics, which are derived from the Qur'an and Hadith, are moral guidelines that all business owners must follow. Muhammad Djakfar asserts that there are moral guidelines that all company owners must follow. The cornerstones of Islamic business ethics are the Islamic beliefs of unity (tawhid), balance (justice), free will, duty (responsibility), and truth (ihsan). By using these principles, Islamic business ethics contribute to the development of a society founded on the ideals of justice, solidarity, and righteousness in addition to establishing a fair and ethical corporate environment. a community founded on the principles of blessings, justice, and solidarity. All things considered, the tenets of Islamic business ethics offer a strong moral and legal basis for sustainable economic activities that align with religious teachings (Lestari & Jubaedah, 2023).

From the perspective of the teachings of Islamic ethics, humans required to do good to themselves and their fellow humans, the environment, and to God as their Creator (Sholihah, 2020). Islamic business ethics promotes business methods that are not only financially successful but also morally and responsibly accountable by abstaining from destructive behaviors like riba, gharar, and maysir and encouraging the fair distribution of wealth and constructive contributions to society. To ensure that businesses can operate in accordance with Shariah principles while providing broad benefits to society, the implementation of these values necessitates in-depth knowledge, financial product innovation, and support from a variety of parties the society (Heriyanto, 2024).

Including business ethics in One of the most important steps in creating enduring partnerships and guaranteeing the continuity of business operations is incorporating business ethics into the company's basic strategy. Business ethics are crucial to many facets of economic relations that extend beyond simple commercial transactions, in addition to serving as a tool to assist in the accomplishment of economic objectives. Through improved reputation, customer trust, staff loyalty, and the capacity to hold onto and grow market share, the long-term consequences of this integration can give a company a competitive edge increase market share (Hakim et al., 2024).

Everything should always put the customer's needs first when implementing marketing tactics, and we should do so by ensuring that our products are of high quality. In addition, the company's work ethic, morality, ethics and morale are elements that must be maintained, which support the marketing plan. Islam holds that morality is a component of the way individuals live their lives. Islam requires business and resource management to be able to enhance the values and ethics that Allah and the Prophet Muhammad have established, in addition to being competitive (Li Hikmat Ismail, 2021).

Implications of the Integration of Strategic Management and Islamic Ethics for Islamic Economic Development

The business world benefits from strategic management and Islamic business principles. In order to enhance the welfare of the society, business operations not only concentrate on producing and distributing goods and services, but also on distributing these things to the underprivileged or those in need. An entrepreneur who practices Islamic business principles not only seeks profit but also anticipates Allah SWT's blessings and pleasure for the food He supplies. Entrepreneurs must also refrain from unethical behavior that might hurt other people in the pursuit of their own prosperity (Aslamia et al., 2025).

Meeting the community's financial requirements to conduct economic activities in line with sharia principles, such as providing beginning cash to someone with entrepreneurial potential but lacking enough financial capital, is one of the tasks and duties of Islamic financial institutions. yet lack enough financial resources. Islamic financial institutions' existence In the perspective of Islam, the establishment of Islamic financial institutions is obviously important for economic growth, particularly because they offer options to empower small and medium-sized businesses. boosting small and medium-sized businesses and turning them into the backbone of the national economy and the center of community-based economic power (Oktarina et al., 2021).

The expansion of the Islamic economy in Indonesia requires greater cooperation between the business sector, Islamic groups, and the government. This contribution to the growth of the Islamic economy is made possible by a number of initiatives, including the creation of Islamic financial institutions, effective waqf administration, zakat management, and Islamic economic counseling and education. It is envisaged that an inclusive and sustainable economic environment may be established in Indonesia with collaboration that promotes the growth of Islamic economics (Siti Ifa Nurjannah, 2025).

Evaluation is important because it may be used to determine the impact and efficacy of a program that has been put into place. Evaluation includes social, psychological, and life skills components in addition to academic ones. In the assessment process, indicators of success are essential because they enable stakeholders to determine how well program goals have been met (Zahroh & Hilmiyati, 2024).

Conclusions

This study concludes that the integration of strategic management and Islamic business ethics is a holistic approach that not only emphasizes the achievement of organizational goals efficiently and competitively, but also ensures that every strategic step is in line with moral principles and Islamic values. Strategic management in Islam requires careful planning, wise decision-making, and responsible implementation. When combined with Islamic business ethics based on honesty, justice, trustworthiness, and the prohibition of unjust economic practices (such as usury, gharar, and maysir), it will form an economic development model that is inclusive, fair, and oriented towards the benefit of the people (maslahah).

In terms of the context of Islamic economic development, this integration is key in creating a healthy business ecosystem, empowering the MSME sector, optimizing the role of Islamic financial institutions, and increasing public confidence in the Islamic economic system. Therefore, the application of strategic management framed by Islamic ethics is not only relevant, but also very important to encourage equitable and sustainable economic transformation in the modern era.

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