

MONOPOLY IN BUSINESS EXAMINED THROUGH THE LENS OF ISLAMIC BUSINESS LAW: AN ANALYSIS OF JUSTICE AND ECONOMIC EQUILIBRIUM.

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Abstract: This paper examines the practice of monopoly from the perspective of Islamic business law, emphasizing its implications for justice and social welfare. Monopoly, defined as market dominance by a single entity, often leads to economic imbalances, exploitation of consumers, and disruption of fair competition. Using a qualitative descriptive method through library research, this study analyzes primary sources such as the Qur'an and Hadith, alongside classical and contemporary Islamic scholarly works. The findings indicate that Islam prohibits monopolistic practices, including ihtikar (hoarding), due to their detrimental impact on society and violation of the principles of maqashid syariah. Unlike modern legal frameworks, which focus on legality and consumer protection, Islamic business law adopts a holistic approach by integrating moral and spiritual dimensions to ensure justice and equitable distribution of wealth. The study also highlights the applicability of Islamic principles in regulating markets, preventing exploitation, and ensuring fairness. This paper concludes that harmonizing Islamic principles with contemporary legal systems is essential for addressing the challenges of globalization and fostering sustainable economic welfare. The results contribute to the discourse on integrating Islamic ethics into modern economic regulations to achieve a balanced and just market system.

Keywords: Islamic Business Law, Monopoly Regulation, Social Justice

Introduction

The phenomenon of monopoly has become one of the prominent issues in the dynamics of modern economics. Monopoly occurs when one party dominantly controls the market, thus having the power to determine the price and distribution of goods or services. In an economy oriented towards healthy competition, monopolies are often viewed negatively because they have the potential to create injustice, exploit consumers, and weaken innovation. Therefore, the existence of monopolies is not only an economic concern but also a legal and ethical one (Febriani et al., 2022).

In the Islamic perspective, economic activities are not merely efforts to meet material needs, but must also be based on principles of morality and justice. Islam teaches that business transactions must be conducted with transparency, honesty, and without exploiting the weaknesses of others. Monopolies that tend to harm consumers are contrary to those values. This principle is reflected in various Islamic teachings that encourage the equitable distribution of wealth to avoid the accumulation of wealth in the hands of a few (Smolo, 2024).

The Qur'an and Hadith provide a normative foundation in prohibiting unjust practices, including monopolies. This practice is seen as potentially hindering social justice and the common welfare, two main objectives in the Islamic economic system. This prohibition is not only based on religious texts but is also reinforced by the consensus of scholars who place the interests of society above the profits of individuals or specific groups (Aini, 2024).

One of the important foundations in Islamic economic regulation is maqashid sharia, which aims to preserve the five main objectives of sharia: religion, life, intellect, lineage, and wealth (Karimullah, 2023). Monopolies that disrupt economic balance have the potential to harm the public good, especially in terms of maintaining the sustainability of wealth distribution and societal welfare (van Niekerk, 2020). Therefore, Islamic law encourages regulations that can control market dominance to prevent exploitation.

Historically, Islam not only provided normative rules but also practical solutions to prevent monopolies (Rijalul Fikri, 2021). One example is the regulation in trade during the time of Prophet Muhammad (peace be upon him), where practices such as ihtikar (hoarding of goods) were strictly prohibited. This prohibition aims to ensure that the basic needs of the community can be met without price manipulation by certain parties.

In the modern context, monopolies are often regulated through competition laws in various countries, including those with a Muslim majority (Hamid et al., 2020). However, challenges arise in practically applying Islamic principles amidst a global economic system that often does not align with Islamic values. This indicates the need for a synergistic approach between positive law and Islamic law to provide just solutions.

The study of monopoly from the perspective of Islamic business law provides deep insights into how Islamic values can serve as a foundation for creating a fair and sustainable economy. Through this understanding, efforts to integrate Islamic ethics into economic regulation can make a significant contribution to achieving better social balance.

Literature Review

The study of monopoly from the perspective of Islamic law highlights how such practices can harm society at large. In Islam, monopoly is known as ihtikar, which is the practice of withholding goods to create scarcity and raise prices. Islam strictly prohibits ihtikar because it violates the principles of justice and social balance, as explained by Mauludin (2021). Moreover, he emphasized that this practice contradicts the maqasid al-shariah objectives of maintaining societal welfare.

Johan's (2015) research explains that Islamic law prohibits monopolies to ensure efficient allocation and consumer protection. His analysis highlights the importance of economic regulation based on Islamic law to avoid harmful monopoly practices, such as large horizontal mergers and cartel agreements that hinder healthy competition. Irfanudin et al. (2022) also emphasize that both Islamic law and conventional law prohibit monopolies on public necessities because they can create market imbalances and harm the interests of society.

Khairul Wahid (2023) criticizes the competition law in Indonesia, regulated by Law Number 5 of 1999, for its minimal integration of Islamic values in its formulation. This research proposes a legal reform that incorporates Islamic economic principles to create a legal framework that better reflects the values of Pancasila and Islam. This approach aligns with Olushola's (2024) findings, which state that Hisbah, as an Islamic regulatory mechanism, is effective in controlling the market and preventing monopolies that undermine competitiveness. This study also shows that regulation based on Islamic values can enhance market balance in developing countries like Nigeria.

Rubin (2024) highlights the challenges faced by Islamic law in addressing modern economic changes. He argues that the lack of adaptation of Islamic law to the dynamics of the global market slows down economic growth in the Middle East. However, Rubin shows that an approach based on Islamic values remains relevant if applied contextually to address monopolies in the modern economy.

Research by experts such as Zain al-Abidin and Khalfaoui concludes that monopolies not only violate the principle of justice in Islam but also disrupt the market through practices such as

the control of essential resources and price manipulation. The researchers agree that the implementation of regulations based on Islamic law can help mitigate the adverse effects of monopolies and create a fairer market (Hanafi Olushola, 2024).

This literature review highlights the importance of the Islamic legal perspective in addressing the challenges of monopoly. By integrating Islamic values into modern regulations, Islamic business law can contribute to creating a fair and sustainable economic system.

Method

This research uses a descriptive qualitative method with a literature study approach (library research) aimed at analyzing the concept of monopoly from the perspective of Islamic business law. The data used consists of secondary data, including primary sources such as the Qur'an and Hadith, secondary sources such as books, scientific journals, and works of classical scholars like Ibn Taymiyyah and Al-Ghazali, as well as tertiary sources like encyclopedias and dictionaries. The data collection technique was carried out through a systematic review of relevant literature from digital repositories, libraries, and scientific databases to obtain a comprehensive understanding. Data analysis using the content analysis method focuses on identifying Islamic law principles related to monopolies, comparative studies with positive law, and drawing applicable conclusions in the context of the modern economy. This approach allows the research to explain the normative and practical dimensions of monopolies in Islamic business law, emphasizing the principles of justice and public welfare.

Result and Discussion

Monopoly is a practice that often generates controversy in modern economics. This phenomenon has a significant impact on economic distribution, where parties with dominant market power can control prices and the distribution of goods or services. In the context of Islamic business law, monopoly becomes a major concern because it contradicts the principles of justice and equitable distribution. Islam promotes economic mechanisms that support healthy competition and uphold the balance between individual rights and the welfare of society. Thus, the study of monopoly becomes essential to understand its relevance in the Islamic legal system.

Islam views monopoly as a form of economic activity that can harm the wider community. Stockpiling goods (*ihthikar*), as one form of monopoly, is strictly prohibited because it has the potential to create scarcity and raise prices unfairly (Yaka, 2022). This prohibition is sourced from the Hadith of Prophet Muhammad (peace be upon him), which emphasizes that hoarding goods is a sinful act. The prohibition of *ihthikar* is not only normative but also oriented towards the welfare of society, namely preventing the exploitation of consumers and ensuring the availability of essential goods for all levels of society.

The principle of justice in Islam serves as the main foundation for rejecting monopolistic practices (Rofiah & Ghozali, 2020). Economic justice includes equitable distribution, equal access to resources, and protection for vulnerable groups. In a monopoly, inequality occurs because market power is in the hands of a few parties who exploit consumer weaknesses. This view aligns with the objectives of *maqashid al-shariah*, which include the protection of wealth (*hifz al-mal*) and public welfare. In this regard, Islam provides clear guidance for the market mechanism to operate fairly and transparently.

The Quran provides an ethical foundation for regulating economic activities, including monopolies. Verses that encourage fair trade and prohibit deception highlight the importance of maintaining market balance. In Surah Al-Baqarah verse 275, the prohibition of usury is one form of protection against economic exploitation, which can also be applied in the context of

monopolies. In addition, the principle of equity in wealth distribution is reinforced through zakat, charity, and the prohibition of hoarding wealth that is not beneficial to society.

The Islamic business law approach to monopolies is not only based on prohibitions but also on practical solutions to prevent them. Islam encourages market regulation that allows for healthy competition, including restrictions on the excessive accumulation of economic power. One example of this application can be found in the policy of Prophet Muhammad (peace be upon him) who prohibited *ihtikar* during periods of economic crisis, in order to maintain market stability and meet the needs of the community equitably.

A comparison with positive law shows a similarity in the objective of preventing monopolies. Law Number 5 of 1999 concerning the Prohibition of Monopolistic Practices and Unfair Business Competition in Indonesia regulates that monopolies detrimental to the public must be prevented. However, the approach of positive law focuses more on aspects of legality and consumer protection, while Islamic law emphasizes the moral and spiritual dimensions. This emphasizes that Islamic law has a more holistic approach in regulating economic activities.

Monopoly from an Islamic perspective also has an important theological dimension. Unjust economic practices are considered contrary to the value of *tawhid*, which is the acknowledgment that Allah is the owner of everything. In this concept, humans act only as trustees who must be responsible to society. Therefore, monopolistic actions that harm the public are viewed as a violation of that moral and spiritual responsibility.

Islamic law provides space for authorities to impose penalties on monopolists. In the case of *ihtikar*, the perpetrator can be subjected to *ta'zir* punishment, which is a punishment determined by the government based on public interest. This shows that Islam provides flexibility in the implementation of laws to adapt to the context of the times and the conditions of society. This approach is relevant to addressing the challenges of tackling monopolies in the modern era.

The application of Islamic law principles to monopoly also faces challenges in the context of economic globalization. The global economic system, which is often oriented towards capitalism, creates market structures that are not in line with Islamic values. Therefore, a synergy between Islamic law and modern regulations is needed to create a fair economic framework. This integration can be achieved through the application of Islamic principles in national economic policies.

Analysis of monopoly in Islamic business law emphasizes that the principles of justice and public interest must be the foundation of economic activities. Islamic law not only aims to prevent the negative impacts of monopolies but also to create a market environment that supports social balance. Therefore, regulations based on Islamic values can be an effective solution in addressing monopolies and creating sustainable welfare.

This study shows that monopoly is a phenomenon that must be addressed with a multidimensional approach. The perspective of Islamic law provides a framework that encompasses normative, moral, and applicative aspects in regulating economic activities. By integrating Islamic values into modern economic regulations, the challenge of monopoly can be effectively addressed to achieve social justice, which is the main objective of *Sharia*.

Conclusion

The conclusion of this discussion emphasizes that monopoly, as a practice of market domination that can harm society, contradicts the principle of justice which is the main foundation of Islamic business law. Islam views monopoly as a threat to economic balance and social welfare, as it can create disparities in wealth distribution and consumer exploitation. Based on the *Qur'an*, *Hadith*, and the views of scholars, monopoly is prohibited because it contradicts the *maqasid al-*

shariah, which prioritizes public welfare. In its application, Islamic law not only prevents monopoly through explicit prohibitions but also provides practical solutions such as market regulation and the imposition of ta'zir punishments. This study also reveals that Islamic law offers a holistic approach by integrating moral and spiritual values, unlike positive law which emphasizes legal aspects. In the modern context, the synergy between Islamic principles and positive law is necessary to face the challenges of economic globalization, create a just system, and support the achievement of sustainable societal welfare.

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