

## **CONCEPT OF SUSTAINABLE DEVELOPMENT FROM ISLAMIC PERSPECTIVE**

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### **ABSTRACT**

Nowadays the issue of sustainable development are being discussed seriously around the world. This is because to ensure that the need for the future generation is not neglected during the process development of economics. Therefore, this paper attempts to re-look the role of Islamic's element in the sustainable development. This paper using qualitative research as a method of this study. The researchers suggest that the element of Islam must be consider as one of the element to measure the sustainable development.

### **1. INTRODUCTION**

Over the past decade, there has been growing recognition that sustainability is an important factor in investment success. This is driven by awareness that investing for the long term produces better results and that material environmental, social and governance (ESG) issues directly affect financial performance (Roy & Gitman, 2012). Sustainable urban development should be carried out taking into account the ability cope; consumption of resources, distribution of waste and pollution that is triggered on the city and surrounding areas. (Stren et al., 2015). In addition, World Commission on Environment and Development (Brundtland, 1987) defines sustainable development as development that allows the current generation to meet its needs without conceding the capability to meet the future generations own needs.

A major emphasis in the policy recommended sustainable development is that the world community must live within the limits of capacity (carrying capacity) planet earth While there are several different definitions but in all these definitions there is a theme that is shared with the environment (environment), the future (futuristic) and equality (equity) (WCED, 1987). Even though there are several different definitions for the matter, yet in all these definitions there is a theme that is shared namely environment, future and equality.

The concept of sustainable development can be seen by referring to statistical measures step that should be noted and action today to ensure that environmental issues are global in nature such as the exchange of weather, the greenhouse effect, and social pressure

endured this day would never affect and threaten the lives of future. Sustainable urban development must take into account social justice, basic human needs, public health, environmental awareness in space and time. One way to achieve sustainable development is through the city's economic health. However, the current theory of sustainable cannot achieve it aims because there are many problem of conventional sustainable theory. Therefore, this paper will study the role of Islamic's element in the issue of sustainability development

## **2. CONCEPT OF SUSTAINABILITY FROM CONVENTIONAL PERSPECTIVE**

In understanding the concept of sustainability, clear definition need to be identify. Previous study define sustainability concept as the the normal functioning and longevity of a nested hierarchy of ecological and socioeconomic systems, ordered according to scale (Munasinghe, 2002). Other point that need to be consider is joint sustainability linkage between and co-evolution of socioeconomic and ecological systems. As a broad understanding, what ecological (and linked socioeconomic) systems need is improved system health and the dynamic ability to adapt to change across a range of spatial and temporal scales, rather than the conservation of some ideal static state (Munasinghe, 2002).

Munasinghe (2002) emphasized on human potential in social system where he believes that the durability of social systems and governance could be improve by enhancing human capital and strengthening social values, institutions and equity. The long-term changes and effects are often overlooked in socio-economics analysis since the harmful events are occur gradually. It is crucial to preserve cultural capital and diversity across the world.

Futhermore, biodiversity and cultural diversity play similar roles in protecting the durability of ecological and social systems, and the interlink ages between them (Munasinghe, 2002). Understanding the links that radiate out from poor communities, and their interface with agencies and government is critical for building connections and distribute resources directly to make social development more sustainable. In several succeeding reports from international organizations, UNESCO (2001) emphasize cultural diversity as the requirement to strengthen social cohesion and networks of relationships, and to reduce destructive conflicts, which are also essential elements of this approach (Munasinghe, 2002).

To sum up, the sustainable paradigm consists of three pillars, namely economic growth, environmental protection and social dimension (Sydorovych & Wossink, 2008; Dantsis et al., 2010) (see Fig 1). According to Kessler et al. (2007), quoted by Bertule and Degn (2009), highlighted two indicators in economic dimension which are per capita gross domestic product and employment rate. For social dimension, Bertule and Degn (2009) and Kessler et al. (2007) outlined food security, child mortality, poverty index, the conflict of a land and inequality. Food security may be negatively affected due to the replacement of food crops. Besides that, this sector also will decrease a poverty index (Zin, 2014). Furthermore, for environmental dimension have many criteria such as air, water, biodiversity, soil and agro-ecological management which is each criteria have own indicator. The indicators such as soil fertility status, greenhouse gas emissions, water quality and many more. Sustainability is seen as an approach and property of the agriculture sector. The approach leads the development a set of of strategies to make sure the sustainable could be achieved.



**Figure 1: Model of sustainable development from conventional perspective**

Source: Sydorovych & Wossink (2008); Dantsis et al. (2010)

## **2.1 Sustainability Development**

Conventional economic system has shown a lot of weakness and failure. The system will not solving the economic problems of the world, but creating and adding to the economic problems. There are many of the problems of the world have to face such as:

### **i. Economic crisis**

Foster and Magdoff (2009) mentions that the crisis happened (Capitalis Monopoly Finance), due to monetary inflation that cause the economic tends to lead to a stagnant. Krugman (2009) mentions, this crisis will create financial inflation will only accumulate more debt and make economic bubble. Krugman (2009) also state that conventional economic theory was dead and always confronted with a crisis.

Within the framework of Islamic economics, Khan (2012) saw the crisis was coming from a fundamental error of economic practices that protect the financial and banking institutions to speculating in the financial markets. Therefore, the best way out is to remove the speculating, *riba* and *maysir* activity.

### **ii. Poverty**

Crisis and poverty are interconnected with each other. When a crisis problem arises there are also will have a problem of poverty.

### **iii. Unfair distribution**

Adelman and Morris (1973) mention that unfair distribution are because of inflation and import substitution industrial policy implementation that resulting in higher prices of goods industry to protect economics of the capitalist. Therefore, source of wealth will only concentrated only on rich people.

## **3. ROLE OF ISLAMIC ECONOMICS AND FINANCE IN THE ISSUE OF SUSTAINABILITY DEVELOPMENT**

There is no simple or direct relationship between financial development and sustainable development but there are often indirect linkages. Most of the literature focuses on the role of public shareholders when it comes to changing corporate policy and performance in a more sustainable direction (Scholtens, 2006). However it neglects the potential impact of credit channels such as financial institutions on the company's non-financial policies and performances. It is only US that net financing by bonds is almost equal to the size of loans

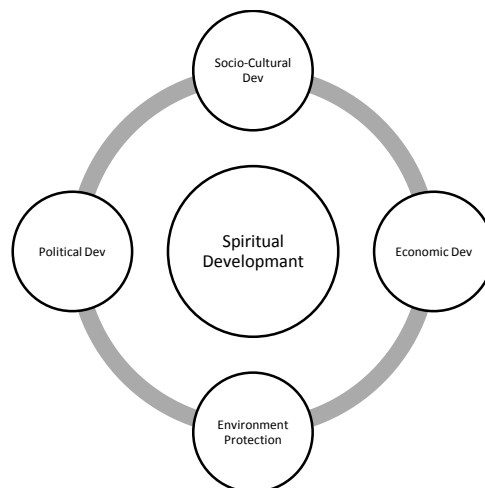
via bank lending. Elsewhere bank loans are much more than the funds rise through bonds and stocks etc. (Scholtens, 2006). The financial sector includes different actors that play an important role in sustainable development i.e. shareholders, financial institutions such as Banks, NGOs etc. In order to overcome the economic stability issue, financial institutions such as banks and microfinance institutions can play an important role.

In the world where population is growing uncontrollably and environmental health is degrading continuously with the problems of draught and desertification especially in less developed country, Islamic finance can play an important role in fostering bigger and more efficient production by financing agriculture to increase food supply. This idea has been realised from the statement of Badawi cited in (Gulaid, 1995).

### **3.1 Element of Islam in Sustainability Development**

Narayanan (2013) state that are role of religion can be play to achieve economic sustainability. The three ways in which religion may play a role in sustainable development are through the values it offers, through its potential for ecological, social and political activism (based on those values) and through its capacity to enable self-development. The idea was supported by Hossain (2014) by his research finding that the concept of sustainable development is accurately according to religious beliefs. That finding also was supported by Becchetti and Borzaga (2010) that mention religious can increase economic growth and also environment and economic sustainability.

Abdulrachman (2011) proposed a model of sustainable development that was made up by five indicators of sustainable development, namely: (1) socio-cultural development, (2) economic development, (3) political development, (4) environment protection, and (5) spiritual development. This model shown in Figure 1. The difference between model of sustainable development from Islamic perspective is spiritual development also was taking off.



**Figure 2: Proposed model of sustainable development from Islamic perspective**

Source: Abdulrachman (2011)

#### 4. CONCLUSION

Previous study show that there many problem occur due to the conventional theory and immediate action must be taken to solve this problem. As alternative, Islamic theory of sustainable development can be adopt as a solution to that problem and can help economic achieve sustainability.

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