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## THE SHARIA BUSINESS MODEL DURING THE CALIPHATE OF ALI BIN ABI TALIB AND ITS RELEVANCE TO THE MODERN ECONOMY

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<p>Accept: 01/01/2025</p> <p>Revised 15/01/2025</p> <p>Accepted: 26/01/2025</p> <p>Publishing: 01/02/2025</p> <p>Korespondensi*</p>  <p>This work is licensed under the Creative Commons Attribution 4.0 International License.</p>	<p><b>Abstrak –</b></p> <p>This article aims to analyze the sharia business model implemented during the caliphate of Ali bin Abi Talib and its relevance in the context of the modern economy. Using a qualitative approach, the research explores the principles of sharia economics adopted by Ali bin Abi Talib, including concepts of justice, transparency, and social responsibility. Historical data is gathered from classical sources and contemporary literature to illustrate business practices that reflect these values, such as zakat management, sustainable financing systems, and protection for vulnerable groups. The analysis reveals that Ali's approach to the economy not only emphasizes sharia compliance but also focuses on community development and social welfare. These findings indicate that the principles applied during Ali bin Abi Talib's caliphate still possess significant appeal and application in developing sharia business models in today's globalized era. This article aims to contribute to the literature on sharia economics by providing new insights into the integration of historical values in modern business practices.</p> <p><b>Keywords:</b> <i>Sharia Business Model, Ali bin Abi Talib's Economic Policies, Historical Context of Islamic Finance,</i></p>
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### INTRODUCTION

In the history of Islamic civilization, the leadership of the Rashidun Caliphsparticularly during the era of Caliph Ali bin Abi Talib represents a significant period that demonstrated the application of Sharia principles across various aspects of life, including economics and business. Ali bin Abi Talib is known as a wise caliph, firm in upholding justice, and oriented towards the welfare of society. The economic principles he applied, such as honesty, transparency, and rejection of usury and monopolistic practices, reflect the core values of Sharia-based economics that remain relevant today. In the modern era, Sharia-based economics has developed as an alternative to conventional economic systems, which are often marked by speculation, inequity, and social disparity. Modern Sharia business practices are not only implemented in predominantly Muslim countries but have also gained global interest. However, the implementation of Sharia business in today's era faces challenges, including intense market competition and the necessity to adapt to technological advancements, which may at times drift away from core Sharia values. By conducting a literature study on the business model from the era of Caliph Ali bin Abi Talib, this research seeks to uncover fundamental principles that can be applied within modern Sharia business practices. This study aims to explore the relevance of these values in today's economic context and to what extent the Sharia business model from that period can offer solutions to the increasingly complex challenges of the modern economy. Consequently, this research aspires – to contribute to the development of a more

robust, adaptive Sharia business concept that remains aligned with the principles of justice and the common good as taught in Islam.

## RESEARCH METHODS

This study employs a qualitative library research design, focusing on the collection, analysis, and synthesis of relevant historical and contemporary literature. The main objective is to investigate and interpret Sharia business principles during the Caliphate of Ali bin Abi Talib, then draw comparisons to their relevance and application within the framework of modern economics. Primary and secondary sources are collected through academic databases, historical records, and authenticated Islamic texts that document economic practices during the Rashidun Caliphate. Key sources include classical Islamic jurisprudence texts, historical analyses, and modern studies on Sharia business models. Each source is carefully evaluated to ensure relevance, authenticity, and consistency with accepted Islamic principles and scholarly interpretations. The research employs several tools and instruments to organize and analyze the literature data:

- a) **Qualitative Analysis Software:** Software such as NVivo is used to categorize and code data from textual sources, helping to identify key themes and principles relevant to Sharia business practices.
- b) **Historical Comparison Matrices:** Comparative matrices are constructed to systematically compare the Sharia principles from the era of Caliph Ali with those applied or recommended in modern Sharia business practices.

Thematic analysis is conducted to extract recurring concepts and practices of Sharia-compliant business methods from the literature. Comparisons are made between historical Sharia practices and modern applications to assess their adaptability and relevance. Statistical interpretation is avoided in this study as it primarily focuses on qualitative insights from historical and modern texts.

## RESULT AND DISCUSSION

Justice and Equality are fundamental principles in Islamic economics and the Sharia business model implemented during the caliphate of Ali ibn Abi Talib. Here is a more in-depth explanation of this concept: Justice in the context of Islamic economics means giving rights to all individuals and groups in society, and ensuring that no one is discriminated against or exploited. Justice serves to create a balance between the interests of the individual and the interests of society. Ali ibn Abi Talib was known for his commitment to justice. He sought to ensure that all people, regardless of social status or wealth, were treated equally before the law and in everyday life. In his sermons and actions, Ali often emphasized that a leader must act fairly, enforce the law impartially, and provide equal access to resources. Ali eventually rejected the pleas of the rich or influential if it meant harming the poor. He carried out reforms to establish justice in the tax system, preventing and reversing unfair advantage. Equality refers to the principle that every individual has an equal right to resources, opportunities, and treatment in society. This includes equality in access to education, employment, and public services. Ali ibn Abi Thalib promoted equality by emphasizing that wealth and resources should be distributed fairly and equitably. He sought to reduce the gap between rich and poor and ensure that everyone's basic needs were met. In terms of wealth distribution, Ali encouraged policies that benefited the wider community, not just a select few. Equality was also evident in his approach to education. Ali believed that everyone, regardless of

social or economic background, had the right to a good education. This was aimed at empowering people to actively contribute to the economy and social life.

In the context of the modern economy, justice and equality are essential to creating a just and prosperous society. Many countries and organizations are now implementing policies aimed at reducing social and economic disparities. Policies that incorporate principles of justice and equality, such as wealth redistribution programs and greater access to education, are increasingly being implemented to achieve sustainable development goals. Socially responsible businesses are increasingly considering justice and equality in their operations. Many companies are implementing inclusive business practices, considering diversity and poverty alleviation as part of their responsibilities. Justice and equality are two interrelated pillars of the Islamic economic model implemented by Ali ibn Abi Talib. These principles not only formed the framework for a just economy in his time, but also provided a strong foundation for modern economic discussions and practices that focus on social justice and equality. This approach remains relevant in addressing the economic and social challenges of today's world.

Fair Trade is one of the important principles in Islamic economics and is part of the Sharia business model implemented by Ali ibn Abi Talib during his caliphate. Here is a detailed explanation of this concept and its application: Fair trade in the context of Islamic economics includes transparent, honest, and non-deceptive trading practices. This means that all parties involved in the transaction should receive a fair profit and no party should be exploited. This concept includes prohibitions against unethical practices, such as fraud, monopoly, and *riba* (interest), which can harm others. The main goal of fair trade is to create economic well-being for all individuals in society, by ensuring that everyone has equal access to opportunities and resources. Ali ibn Abi Talib emphasized the need for honesty in trade. He often reminded traders not to cheat in weighing or measuring, and to ensure that the goods sold were good and in accordance with what was promised. In his sermons, Ali also reminded traders not to take advantage of the urgent needs of others by raising prices unreasonably, especially in difficult conditions such as famine or disaster. Ali prohibited practices such as usury and fraud in transactions. He considered such acts not only to be detrimental to individuals but also to undermine trust in society and the stability of the economy as a whole. He also opposed monopolies, which were often used to exploit consumers. Ali encouraged healthy competition in the market as a way to protect consumer rights. Ali ensured that there was proper supervision of trade practices. He ordered his officials to monitor the market and enforce fair trade laws, so that everyone could transact safely and fairly.

The concept of fair trade is particularly relevant in the modern business context, where consumers are increasingly aware of and expect ethical and transparent business practices. Many companies now implement codes of conduct that emphasize honesty, integrity and social responsibility. Fair trade is also closely linked to the fair trade movement, which aims to provide fair conditions for producers, especially in developing countries. This movement promotes fair pay and sustainable trade practices. The principles of fair trade can be used to formulate public policies that encourage healthy competition, combat monopolistic practices and protect consumers from fraud and exploitation. Many companies are now taking steps to implement corporate social responsibility (CSR), which includes fair trade practices, support for local communities and positive contributions to society. Fair trade is one of the main pillars of Islamic economics as implemented by Ali ibn Abi Talib. By emphasizing honesty, transparency and protection of consumer rights, Ali provided a strong foundation for ethical and

responsible business practices. This concept remains relevant in the modern economy, which continues to seek ways to ensure that trade is conducted in a way that is fair and sustainable for all parties involved.

In the context of the Caliphate of Ali ibn Abi Talib, resource management and economic development became crucial aspects that reflected the principles of social justice in Islamic economics. Ali was known as a leader who not only paid attention to spiritual aspects, but also cared deeply about the economic welfare of his people. He implemented policies that focused on efficient and fair resource management, ensuring that the results of natural and economic resources were managed for the benefit of all levels of society. With this approach, Ali sought to reduce economic disparities and improve the standard of living of his people. This policy not only created economic stability, but also developed a sense of mutual trust between the rulers and the people. Community involvement in economic decision-making was also one of the characteristics of Ali's government. Ali promoted dialogue and consultation with the community in determining policies related to the economy, creating space for the people's voice to be heard. This participatory approach not only increased accountability, but also strengthened the community's sense of ownership of the policies implemented. By involving the community, Ali ensured that the policies taken did not only come from above, but also took into account the needs and aspirations of the people, resulting in policies that were more relevant and effective in improving welfare.

Ethical business practices are an important foundation in the economy run by Ali bin Abi Talib. He emphasized the principles of honesty, transparency, and responsibility in trade. In his view, business is not only about seeking profit, but must also consider the social impact of economic activities. Ali prohibited fraud and monopolistic practices that harm consumers, and emphasized the importance of providing quality goods and services at fair prices. By upholding ethical business practices, Ali not only increased public trust in the market but also created a healthy and sustainable business climate. Social justice and responsibility in the economy are also evident in Ali's policies that focus on the welfare of the underprivileged. He established social programs to help those in need, such as zakat and sadaqah, as part of social obligations. These policies created a social protection network that helped reduce poverty and improve the quality of life of the community. This social responsibility is in line with the principles of Islamic finance that emphasize concern for society and the importance of giving back to the community. Thus, Ali showed that the economy should be oriented towards creating social value, not just material profit. Finally, Ali's focus on sustainable development can be seen as an effort to integrate economic aspects with environmental and social aspects. Ali understood that wise management of resources was the key to future economic sustainability. He promoted the sustainable use of natural resources and respect for the environment as part of human responsibility towards Allah's creation. In the modern context, these principles are reflected in the practices of sustainable development that are now widely discussed. By upholding justice, business ethics, and social responsibility, Ali ibn Abi Talib has provided a solid foundation for economic development that is not only profitable but also just and sustainable for all people.

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