

INTEGRATING ISLAMIC ETHICAL GOVERNANCE INTO GREEN ECONOMY TRANSITIONS: AN ECOLOGICAL POLITICAL ECONOMY PERSPECTIVE FROM INDONESIA AND OTHER MUSLIM ECONOMIES

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ABSTRACT

Global efforts to address climate change and environmental degradation increasingly emphasize the transition towards green economy development models. Despite growing policy adoption, many green economy frameworks remain predominantly technocratic, focusing on regulatory instruments and market-based mechanisms, while neglecting deeper normative and institutional dimensions that shape economic behavior. This study examines the potential contribution of Islamic ethical governance to strengthening green economy policy frameworks in Muslim-majority societies. Drawing on ecological economics and political economy perspectives, the research develops an integrated conceptual framework linking Sustainable Development Goals (SDGs), Environmental, Social, and Governance (ESG) standards, and Islamic economic principles derived from Maqasid al-Shariah. Using Indonesia as the primary case study, and incorporating comparative analysis of Malaysia, the United Arab Emirates, Saudi Arabia, and Turkey, the study employs qualitative policy analysis combined with systematic literature review. The findings reveal strong conceptual alignment between Islamic ethical principles particularly justice (*adl*), balance (*mizan*), stewardship (*khalifah*), and harm prevention (*fasad*) and contemporary sustainability governance frameworks. However, these values remain only partially institutionalised within existing green economy policies. The study proposes a value-based sustainability governance model that integrates ethical norms with economic policy instruments to enhance policy coherence, institutional legitimacy, and long-term sustainability transitions. The paper contributes to interdisciplinary scholarship by bridging ecological economics, sustainability governance, and Islamic political economy, offering new insights into culturally embedded approaches to sustainable development.

Keywords: Sustainability governance; Islamic moral economy; Ecological economics; Green economy; Environmental ethics; Sustainable Development Goals.

1. INTRODUCTION

The most significant challenges currently facing global development are climate change, biodiversity loss and resource depletion. It is evident from scientific assessments that human economic activity has already surpassed several planetary boundaries, thereby engendering systemic risks for ecological stability and long-term economic prosperity.

In this context, the concept of the green economy has emerged as a key framework for reorienting economic development towards sustainability. The promotion of green economy strategies that integrate environmental protection, economic growth, and social inclusion is increasingly being adopted by international organizations and governments.

However, critics contend that numerous green economy policies remain constrained in their scope, with a predominant focus on technological innovation and market-based instruments such as carbon pricing and emissions trading systems. While these mechanisms are important, they may not address the deeper structural drivers of unsustainable development embedded within existing political and economic institutions.

It is a key tenet of ecological economics that economic systems must be operated within the limits defined by ecological processes, in order to ensure the effective functioning of the biophysical

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environment. From this standpoint, sustainability transitions necessitate systemic transformations that extend beyond technological solutions.

The application of political economy approaches serves to accentuate the role of institutional power, economic interests, and governance structures in the shaping of sustainability policies. Environmental reforms frequently encounter opposition from incumbent industries and political actors who benefit from the prevailing economic arrangements.

In Muslim-majority societies, an additional normative dimension shapes economic governance: Islamic ethical principles. Islamic teachings emphasize social justice, environmental stewardship, and responsible resource management. These values align closely with sustainability objectives yet remain largely unexplored within contemporary green economy governance literature.

2. THEORETICAL FRAMEWORK

(Ecological Economics + Political Economy)

2.1 Ecological Economics

Ecological economics challenges conventional economic models by emphasizing the dependence of economic systems on ecological processes. A fundamental difference between neoclassical economics and ecological economics is the former's treatment of environmental resources as externalities, as opposed to ecological economics' conceptualization of the economy as a subsystem embedded within the biosphere.

The planetary boundaries framework under discussion here highlights critical ecological thresholds that should not be exceeded if humanity is to maintain a safe operating space. From this standpoint, transitions towards sustainability necessitate profound alterations in the structural framework of production systems, the infrastructure of energy supply, and prevailing consumption patterns.

2.2 The political economy of sustainability

Approaches to the political economy emphasise that sustainability transitions are not merely technical processes, but inherently political. The outcomes of policy-making processes are influenced by the divergent interests of governments, corporations, and civil society actors. Existing fossil fuel industries, for instance, frequently wield considerable political influence, impeding the implementation of environmental reforms.

Consequently, the governance of sustainability must address institutional power structures alongside environmental objectives.

2.3 Islamic ethical governance

Islamic economic thought provides an ethical framework grounded in principles derived from Islamic teachings. The fundamental principle of this framework is the concept of *maqasid al-shariah*, which emphasizes the protection of human welfare and the prevention of harm.

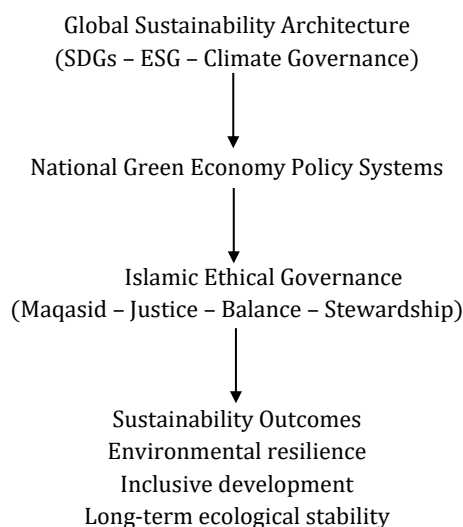
It is evident that several principles are of particular relevance to the governance of sustainability.

- 1) The principle of justice (*adl.*) is predicated on the equitable distribution of resources and economic opportunities.
- 2) The concept of balance (*mizan*) is predicated on the harmonious interrelation between human activity and ecological systems.
- 3) Stewardship (*khalifah*) is defined as human responsibility for the management of natural resources in a responsible manner.

The objective is to prevent harm (*fasad*) and to prohibit environmental destruction. It is evident that these ethical principles are closely aligned with the objectives of sustainability, which emphasise the protection of the environment and the promotion of social equity.

FIGURE 1

SDGs-ESG-Islamic Sustainability Governance Model
Conceptual structure:



3. METHODOLOGY

The present study employs a qualitative policy analysis approach combined with a systematic literature review to examine the institutional integration of sustainability governance, environmental policy frameworks, and ethical principles in Muslim-majority countries. Qualitative policy analysis is a widely utilised research method in the field of sustainability research, with the purpose of investigating the influence of institutional arrangements, governance structures, and normative frameworks on the outcomes of environmental policy.²

The study adopts a comparative institutional perspective, which enables analysis of how different governance systems incorporate sustainability principles within national policy frameworks. Institutional analysis is of particular relevance in the field of sustainability studies. This is because environmental governance is shaped not only by regulatory instruments but also by broader institutional norms and socio-political contexts.³ The research design consists of three main analytical stages.

3.1 Methodology: A Systematic Literature Review

The initial phase of this study will entail a systematic review of the extant scholarly literature pertaining to sustainability governance, green economy transitions, and Islamic ethical frameworks. Systematic literature review methods are widely utilised to synthesise extant research in a structured and transparent manner, thereby reducing the risk of selection bias and enhancing analytical rigour.⁴

A comprehensive examination of peer-reviewed journal articles indexed in prominent international databases, including Scopus and Web of Science, was conducted to identify the prevailing theoretical perspectives on sustainability transitions, ecological economics, and environmental

² Frank Fischer, Gerald J. Miller, and Mara S. Sidney, eds., *Handbook of Public Policy Analysis: Theory, Politics, and Methods* (Boca Raton, FL: CRC Press, 2007).

³ Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990); Elinor Ostrom, "A General Framework for Analysing Sustainability of Social-Ecological Systems," *Science* 325, no. 5939 (2009): 419–22.

⁴ David Tranfield, David Denyer, and Palminder Smart, "Towards a Methodology for Developing Evidence-Informed Management Knowledge by Means of Systematic Review," *British Journal of Management* 14, no. 3 (2003): 207–22; Hannah Snyder, "Literature Review as a Research Methodology: An Overview and Guidelines," *Journal of Business Research* 104 (2019): 333–39.

governance. In addition to academic sources, policy reports from international organisations were analysed to contextualise the development of sustainability policies in Muslim-majority countries.

The literature synthesis focuses on three interconnected theoretical domains: The primary focus of this text is sustainability governance and green economy policy. Secondly, the subject under discussion is that of ecological economics and environmental limits. Thirdly, the ethical governance frameworks in Islamic economic thought are synthesised. This provides the conceptual foundation for developing an analytical framework that links sustainability governance with ethical and institutional dimensions.

3.2 Policy Framework Analysis

The second stage of the research process involves the application of qualitative policy analysis to the examination of sustainability governance frameworks that have been implemented by a select number of countries. In the field of environmental governance research, policy analysis methods are frequently employed to investigate the manner in which policy instruments, institutional arrangements, and regulatory mechanisms influence sustainability outcomes.⁵

A thoroughgoing investigation was undertaken of national policy documentation so as to ascertain the policy priorities, regulatory mechanisms and institutional strategies relevant to the transition to a green economy. The following documentation is to be included:

The primary element to be considered is that of national sustainability strategies. Secondly, the establishment of frameworks for climate policy is imperative. Thirdly, plans for the development of renewable energy sources must be given due consideration. The fourth point for consideration is that of green finance initiatives. The present analysis focuses on the manner in which sustainability policies integrate environmental objectives with economic development strategies. The text focuses on policy instruments that have been designed with the specific purpose of promoting renewable energy development, environmental conservation, and sustainable resource management.

Moreover, the policy analysis examines whether ethical or value-based principles are explicitly incorporated into sustainability governance frameworks. This dimension is of particular pertinence in countries where religious or ethical norms continue to exert influence on public policy discourse.

3.3 Comparative Governance Assessment

The final stage of the analysis employs a comparative governance framework to examine the similarities and differences in sustainability policy approaches across a selection of Muslim-majority countries.

Comparative policy analysis is a widely utilised research method in the identification of institutional patterns, policy diffusion mechanisms, and governance innovations across national contexts.⁶ This methodological approach facilitates the identification of structural factors that either facilitate or constrain sustainability transitions. The study examines sustainability governance frameworks in five countries:

- a. The first case study is that of Indonesia.
- b. The second case study is that of Malaysia.
- c. The third country under consideration is the United Arab Emirates.
- d. The fourth country under consideration is Saudi Arabia.

⁵ Michael Howlett, M. Ramesh, and Anthony Perl, *Studying Public Policy: Policy Cycles and Policy Subsystems*, 3rd ed. (Oxford: Oxford University Press, 2009); Frank Fischer, Gerald J. Miller, and Mara S. Sidney, eds., *Handbook of Public Policy Analysis: Theory, Politics, and Methods* (Boca Raton, FL: CRC Press, 2007).

⁶ Peter A. Hall and Rosemary C. R. Taylor, "Political Science and the Three New Institutionalisms," *Political Studies* 44, no. 5 (1996): 936–57; James Meadowcroft, "Engaging with the Politics of Sustainability Transitions," *Environmental Innovation and Societal Transitions* 1, no. 1 (2011): 70–75.

- e. The fifth group of countries under consideration is Turkey. The selection of these countries was made on the basis that they represent a range of economic structures, institutional systems and sustainability policy trajectories within the Muslim world.

The comparative analysis focuses on three key dimensions: The subsequent section will address the question of institutional structures for sustainability governance. The integration of environmental policies with economic development strategies is a fundamental consideration in contemporary policy-making. Thirdly, the integration of ethical or value-based principles within sustainability frameworks is to be considered. The study's analysis of these dimensions aims to identify governance patterns that support more integrated sustainability strategies.

3.4 Methodological Contribution

The present research makes a contribution to the field of sustainability governance by integrating policy analysis, institutional analysis and ethical governance perspectives within a comparative framework. Rather than adopting a purely normative approach, the study relies on empirical policy documents and peer-reviewed literature to examine how sustainability governance is structured in different national contexts.

The methodological approach adopted herein enables a more comprehensive understanding of the relationship between sustainability policy frameworks, institutional structures, and ethical governance principles.

4. RESULTS: EMPIRICAL EVIDENCE FROM INDONESIA

4.1 Indonesia's Green Economy Transition

Indonesia has progressively established green economy policies as a pivotal component of its national development strategy. As one of the largest emerging economies and the world's fourth most populous country, Indonesia faces significant environmental pressures associated with rapid industrialisation, urbanisation, and natural resource extraction.

Historically, economic growth in Indonesia has been heavily reliant on natural resource sectors, including coal, palm oil, mining, and forestry. While these sectors contribute substantially to national GDP, they also generate considerable environmental externalities such as deforestation, biodiversity loss, and greenhouse gas emissions.

According to the World Bank (2023), Indonesia remains among the largest greenhouse gas emitters globally due to land-use change, peatland degradation, and fossil fuel consumption. The conversion of forest land for agricultural purposes, particularly the establishment of palm oil plantations, has been identified as a significant contributing factor to deforestation in the country.⁷

Concurrently, Indonesia has made substantial commitments to sustainability governance through the implementation of the Low Carbon Development Initiative (LCDI). The overarching objective of the LCDI framework is to achieve a symbiotic integration of economic growth with environmental sustainability. This is to be accomplished by means of a multifaceted approach encompassing the following: (1) the reduction of emissions, (2) the promotion of renewable energy sources, and (3) the enhancement of natural resource management.⁸

Government projections indicate that adopting a low-carbon development pathway could facilitate the maintenance of economic growth while concomitantly effecting a reduction in greenhouse gas emissions of up to 43% by 2030 in comparison with business-as-usual scenarios.⁹

These policy initiatives demonstrate Indonesia's growing commitment to green economic transformation, although substantial challenges remain in translating policy frameworks into effective

⁷ World Bank, *[World Bank report]* (Washington, DC: World Bank, 2023); Austin et al., *[Austin et al. source]* (2019).

⁸ United Nations Development Programme (UNDP), (New York: United Nations Development Programme, 2022).

⁹ United Nations Development Programme (UNDP), (2022).

implementation. In the context of Indonesia's green economy strategy, the energy transition is a critical component that is being addressed through the identification and resolution of the following challenges: Nevertheless, the country persists in encountering structural impediments to the augmentation of renewable energy capacity.

The Republic of Indonesia possesses significant potential in the field of renewable energy, including geothermal, hydropower, solar, and biomass resources. The country is estimated to possess approximately 40% of the world's geothermal reserves, a factor which has led to its classification as a prime location for geothermal energy development.¹⁰

Despite this potential, the contribution of renewable energy to Indonesia's energy mix remains modest at present. As indicated by data from the International Energy Agency (IEA), the energy supply of Indonesia is still dominated by fossil fuels, with coal playing a particularly significant role in electricity generation.¹¹

The continued attractiveness of coal can be attributed to its domestic availability and relatively low production costs. These factors serve to create institutional and economic barriers that hinder the expansion of renewable energy sources. Consequently, Indonesia is confronted with the intricate challenge of achieving a balance between economic development, energy security, and environmental sustainability.

In order to address these challenges, the Indonesian government has introduced several policy initiatives with the aim of accelerating renewable energy deployment. These include feed-in tariffs, investment incentives, and regulatory reforms with the objective of targeting energy sector diversification. Nevertheless, policy uncertainty, financing constraints, and regulatory complexities continue to hinder large-scale renewable energy investments.¹²

4.2 Environmental Degradation and Resource Governance

The issue of environmental governance is a central challenge for Indonesia in its ongoing sustainability transition. Rapid economic development has resulted in mounting pressure on natural ecosystems, with forests and coastal environments being particularly affected. Indonesia is home to some of the world's most biodiverse ecosystems, including tropical rainforests, which play a crucial role in global climate regulation.

However, deforestation rates have historically been among the highest globally, driven primarily by agricultural expansion, logging, and mining activities.¹³ According to the data provided by Indonesia's national statistics agency, the Badan PUSAT Statistik, land-use change continues to represent a major contributor to environmental degradation and carbon emissions in the country.¹⁴

In response to this criticism, the Indonesian government has introduced several environmental policy measures, including forest moratorium policies that restrict new permits for primary forest and peatland conversion. The overarching objective of these policies is to reduce deforestation while promoting sustainable land management practices.

Nevertheless, challenges pertaining to enforcement and governance fragmentation persist as significant obstacles to the achievement of long-term environmental protection. The challenges identified in the governance domain underscore the necessity of enhancing institutional coordination and integrating sustainability principles into comprehensive economic development strategies.

4.3 Islamic Finance and Green Investment in Indonesia

The unique position of Indonesia as the largest country worldwide with a Muslim-majority population creates a distinctive set of opportunities for the integration of Islamic financial principles into sustainability governance.

¹⁰ International Energy Agency (IEA), (Paris: International Energy Agency, 2023).

¹¹ International Energy Agency (IEA), (Paris: International Energy Agency, 2023).

¹² International Energy Agency (IEA), (Paris: International Energy Agency, 2023).

¹³ Austin et al., "Economic Drivers of Deforestation in Indonesia," 2019.

¹⁴ Badan Pusat Statistik (BPS), (Jakarta: Badan Pusat Statistik, 2023).

Islamic finance has undergone rapid development in Indonesia over the past two decades, with increasing efforts to align financial instruments with sustainable development objectives. A notable innovation is the issuance of green sukuk, which represent Islamic bonds specifically designed to finance environmentally sustainable projects.

In 2018, Indonesia became the first country to issue sovereign green sukuk, thus demonstrating the potential for Islamic financial instruments to support climate finance initiatives.¹⁵ Subsequent to this, the government has issued a number of additional green sukuk instruments with the aim of financing projects related to renewable energy, climate resilience, and sustainable infrastructure development. These financial innovations demonstrate the capacity of Islamic finance to contribute to sustainable development by mobilising capital for environmentally responsible investments.

Moreover, Islamic ethical principles such as stewardship (*khalifah*), balance (*mizan*), and social justice (*adl*) are closely aligned with sustainability goals that emphasise environmental protection and equitable resource distribution.¹⁶ The integration of Islamic finance with sustainability policy frameworks therefore represents a promising pathway for strengthening green economy governance in Indonesia.

4.4 Socioeconomic Dimensions of the Green Economy

It is evident that the transition to a green economy in Indonesia will have significant ramifications for socioeconomic development, extending beyond mere environmental considerations. The Republic of Indonesia remains confronted with considerable developmental challenges, encompassing income inequality, rural poverty, and regional economic disparities. According to data from the World Bank, while Indonesia has made substantial progress in poverty reduction, economic inequality remains a persistent issue in many regions.¹⁷

The promotion of inclusive economic growth through investments in sustainable agriculture, renewable energy, and green infrastructure is a potential solution to the aforementioned challenges, as outlined in green economy policies. To illustrate this point, the development of renewable energy sources in rural areas has been demonstrated to enhance electricity access while generating employment opportunities in emerging green sectors.

Conversely, sustainable agricultural practices have the potential to enhance rural livelihoods while concomitantly reducing environmental pressures associated with conventional agricultural production systems. However, achieving these benefits requires policy frameworks that integrate environmental sustainability with social equity considerations.

In this context, Islamic economic principles, which emphasise distributive justice and social welfare, may provide valuable normative foundations for inclusive green economy policies.

5. DISCUSSION

The fifth section of this text is concerned with the integration of ethical governance into sustainability transitions.

It is important to note that sustainability transitions involve complex interactions among institutional structures, technological innovation systems, and socio-cultural value frameworks. The prevailing body of literature on contemporary environmental governance highlights the significance of policy instruments such as carbon pricing mechanisms, regulatory standards, incentives for renewable energy, and climate finance as pivotal catalysts for green economic transformation.¹⁸ These policy instruments

¹⁵ Ahmad Malik, Mohd Azmi Omar, and Behdad Saiti, "Green Sukuk and Sustainable Finance: Opportunities for Islamic Capital Markets," *Journal of Sustainable Finance & Investment* 10, no. 3 (2020): 238–56.

¹⁶ M. Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid al-Shariah* (Jeddah: Islamic Research and Training Institute, 2008).

¹⁷ World Bank Group, *Indonesia Country Climate and Development Report* (Washington, DC: World Bank, 2023).

¹⁸ United Nations Environment Programme (UNEP), *Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication* (Nairobi: United Nations Environment Programme, 2011); Frank W.

are extensively incorporated within national climate strategies and international sustainability frameworks.

However, a growing body of research in the field of sustainability suggests that technological innovation and market-based mechanisms alone are insufficient to generate systemic transformation towards sustainable development pathways. Transitions towards sustainability necessitate profound institutional alterations, encompassing the reconfiguration of economic incentives, governance frameworks, and societal values concerning environmental responsibility.¹⁹ In other words, sustainability transitions are not merely technological processes but rather broader socio-institutional transformations involving shifts in norms, governance structures and economic systems.

In this context, ethical governance frameworks have the potential to reinforce sustainability policies by integrating environmental responsibility into broader societal value systems. Institutional economists have long emphasised that economic behaviour is influenced not only by formal regulatory institutions but also by informal norms, moral values, and social expectations that shape collective behaviour.²⁰ When sustainability policies align with culturally embedded ethical norms, there is a greater probability of gaining social legitimacy and long-term political support.

Islamic ethical governance provides a particularly relevant normative framework for sustainability transitions in Muslim-majority societies. Islamic teachings emphasise stewardship (*khalifah*), responsibility towards natural resources, and moral accountability for environmental degradation.²¹ These ethical principles underscore the obligation of human societies to maintain ecological balance while ensuring social welfare and justice.

Of particular significance is the resonance of these concepts with contemporary sustainability paradigms, which emphasise ecological balance, intergenerational equity, and social justice as core principles of sustainable development. In this sense, Islamic ethical governance can be regarded not only as a religious framework, but also as a culturally embedded sustainability ethic. It has the capacity to reinforce environmental governance initiatives in Muslim-majority countries.

In this section, we explore the notion of ecological economics and its implications for the boundaries of conventional green growth strategies. Insights from ecological economics offer a significant theoretical framework for comprehending the constraints imposed by such conventional approaches. Conventional economic models frequently presuppose that technological innovation and efficiency improvements can facilitate sustained economic growth while concomitantly attenuating environmental pressures. However, ecological economists challenge this assumption by emphasising that economic systems are embedded within finite ecological systems.²²

The realisation that economic activity is subject to ecological limits has resulted in the formulation of frameworks such as the planetary boundaries concept, which identifies critical thresholds for maintaining the stability of Earth's environmental systems.²³ The scientific evidence indicates that multiple environmental boundaries, including climate change, biodiversity loss, and

Geels, "The Multi-Level Perspective on Sustainability Transitions: Responses to Seven Criticisms," *Environmental Innovation and Societal Transitions* 1, no. 1 (2011): 24–40.

¹⁹ Ian Scoones, Melissa Leach, and Peter Newell, "Transformations to Sustainability: Combining Structural, Systemic and Enabling Approaches," *Ecology and Society* 20, no. 2 (2015): 41; Jens Köhler et al., "An Agenda for Sustainability Transitions Research: State of the Art and Future Directions," *Environmental Innovation and Societal Transitions* 31 (2019): 1–32.

²⁰ Douglass C. North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990); Elinor Ostrom, "A General Framework for Analysing Sustainability of Social-Ecological Systems," *Science* 325, no. 5939 (2009): 419–22.

²¹ M. Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid al-Shariah* (Jeddah: Islamic Research and Training Institute, 2008); Mohammad Hashim Kamali, *The Middle Path of Moderation in Islam: The Qur'anic Principle of Wasatiyyah* (Oxford: Oxford University Press, 2016).

²² Herman E. Daly, *Beyond Growth: The Economics of Sustainable Development* (Boston: Beacon Press, 1996); Robert Costanza et al., "Changes in the Global Value of Ecosystem Services," *Global Environmental Change* 26 (2014): 152–58.

²³ Johan Rockström et al., "A Safe Operating Space for Humanity," *Nature* 461, no. 7263 (2009): 472–75; Will Steffen et al., "Planetary Boundaries: Guiding Human Development on a Changing Planet," *Science* 347, no. 6223 (2015): 1259855.

land-use change, have already been significantly exceeded. This is attributable to unsustainable patterns of economic production and consumption.

Within this context, the green economy paradigm has been the subject of criticism for its strong emphasis on economic growth while attempting to reduce environmental impacts primarily through technological innovation and efficiency improvements.²⁴ Despite the pivotal role of technological innovation in facilitating sustainability transitions, ecological economists contend that enhancing efficiency alone is insufficient to fully counteract environmental pressures stemming from unrelenting economic expansion.

Consequently, the governance of sustainability demands profound structural transformations that address the underlying drivers of ecological degradation. These transformations may encompass circular economic systems, sustainable consumption models, and institutional reforms that align economic incentives with ecological sustainability.²⁵

Islamic economic principles have been shown to reinforce many of these ecological insights. The concept of balance (*mizan*) emphasises harmony between human activities and natural systems, suggesting that economic development must remain compatible with ecological stability. In a similar fashion, the principle of stewardship (*khalifah*) underlines the moral responsibility incumbent upon human societies to protect environmental resources for posterity.²⁶ These principles align closely with the tenets of ecological economics, which emphasise the necessity for economic systems to be operated within ecological limits, as opposed to prioritising unlimited economic expansion.

The Political Economy of Sustainability Transitions in Muslim-Majority Countries

The political economy dynamics of sustainability transitions are of particular significance. The implementation of reforms to environmental policy has been demonstrated to engender distributional consequences, which in turn exert an influence on diverse economic sectors and social groups. Consequently, scholars in the field of political economy have underscored the intricacy of sustainability transitions, emphasising that these transitions involve multifaceted negotiations amongst competing economic interests, institutional actors, and political coalitions.²⁷

This dynamic is particularly evident in numerous Muslim-majority countries where economic structures persist in their strong reliance on resource-intensive sectors, including fossil fuels, mining, and agriculture. For instance, several Middle Eastern economies continue to rely heavily on hydrocarbon exports, while countries such as Indonesia and Malaysia depend significantly on resource-based industries including palm oil, coal, and natural gas. These economic dependencies give rise to structural challenges with regard to sustainability transitions, insofar as environmental policies have the potential to jeopardise established economic interests and employment structures. Consequently, incumbent actors within fossil fuel industries or resource extraction sectors frequently exhibit resistance to policy reforms that aim to accelerate energy transitions.²⁸

Notwithstanding the structural challenges identified, a number of Muslim-majority countries have initiated the implementation of ambitious sustainability initiatives. For instance, the United Arab Emirates has made substantial investments in the development of renewable energy sources and green

²⁴ Tim Jackson, *Prosperity without Growth: Foundations for the Economy of Tomorrow*, 2nd ed. (London: Routledge, 2017).

²⁵ Nicholas Georgescu-Roegen, *The Entropy Law and the Economic Process* (Cambridge, MA: Harvard University Press, 1971); Herman E. Daly, *Beyond Growth: The Economics of Sustainable Development* (Boston: Beacon Press, 1996).

²⁶ Seyyed Hossein Nasr, *Religion and the Order of Nature* (Oxford: Oxford University Press, 1996); M. Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid al-Shariah* (Jeddah: Islamic Research and Training Institute, 2008).

²⁷ Peter Newell and Matthew Paterson, *Climate Capitalism: Global Warming and the Transformation of the Global Economy* (Cambridge: Cambridge University Press, 2010); James Meadowcroft, "Engaging with the Politics of Sustainability Transitions," *Environmental Innovation and Societal Transitions* 1, no. 1 (2011): 70–75.

²⁸ Frank W. Geels, "Regime Resistance against Low-Carbon Transitions: Introducing Politics and Power into the Multi-Level Perspective," *Theory, Culture & Society* 31, no. 5 (2014): 21–40.

infrastructure, including large-scale solar projects. Furthermore, Indonesia and Malaysia have established themselves as global leaders in Islamic green finance through the issuance of sovereign green sukuk instruments.

These developments illustrate the growing recognition among policymakers in Muslim-majority countries that sustainability transitions are not only environmental imperatives but also strategic economic opportunities in the context of global energy transformation. However, achieving effective sustainability governance requires institutional frameworks capable of balancing environmental objectives with economic and social considerations. The concept of political legitimacy assumes particular significance in the context of sustainability policies, as these policies may be perceived as socially inequitable or economically disruptive by affected communities, potentially leading to resistance.²⁹

In this regard, the integration of ethical values into sustainability governance has the potential to enhance policy legitimacy by aligning environmental policies with culturally embedded moral principles. Islamic ethical concepts, such as justice (*adl*), stewardship (*khalifah*), and avoidance of waste (*israf*), provide normative foundations that support environmental responsibility and equitable resource management.³⁰

The fifth chapter of this study sets out the findings on the institutionalisation of Islamic ethical principles in sustainability governance. Despite the strong conceptual alignment between Islamic ethical principles and sustainability objectives, the institutional integration of these values into formal environmental governance frameworks remains limited in many Muslim-majority countries. The design of environmental policy frameworks is frequently undertaken using technocratic regulatory approaches that are influenced by international sustainability agendas and global environmental governance institutions. Consequently, ethical frameworks rooted in religious or cultural traditions may receive limited attention in formal policy design.³¹

However, recent advancements in the domain of Islamic finance have underscored the feasibility of incorporating ethical principles into contemporary economic governance. Islamic financial instruments, such as green sukuk, have emerged as innovative mechanisms for financing environmentally sustainable infrastructure projects.³²

It is evident that Indonesia and Malaysia have played pioneering roles in the development of sovereign green *sukuk*, which mobilise capital for renewable energy projects, climate resilience initiatives, and sustainable infrastructure development. These financial innovations demonstrate the capacity of Islamic financial principles to contribute to sustainability transitions by aligning investment decisions with environmental and ethical considerations.

In addition to financial instruments, Islamic philanthropic institutions such as waqf have also been proposed as mechanisms for supporting environmental conservation and community-based sustainability initiatives.³³ These initiatives illustrate the capacity for integrating ethical governance frameworks with sustainability policy instruments. The integration of Islamic ethical principles within sustainability governance may therefore necessitate collaboration between policymakers, financial institutions, and religious authorities to develop policy frameworks that integrate sustainability objectives with culturally embedded ethical values.

Value-Based Sustainability Governance

²⁹ Elinor Ostrom, "A General Framework for Analysing Sustainability of Social-Ecological Systems," *Science* 325, no. 5939 (2009): 419–22.

³⁰ M. Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid al-Shariah* (Jeddah: Islamic Research and Training Institute, 2008); Mohammad Hashim Kamali, *The Middle Path of Moderation in Islam: The Qur'anic Principle of Wasatiyyah* (Oxford: Oxford University Press, 2016).

³¹ M. Kabir Hassan and Mervyn K. Lewis, eds., *Handbook of Islamic Banking* (Cheltenham: Edward Elgar, 2007).

³² Ahmad Malik, Mohd Azmi Omar, and Behdad Saiti, "Green Sukuk and Sustainable Finance: Opportunities for Islamic Capital Markets," *Journal of Sustainable Finance & Investment* 10, no. 3 (2020): 238–56.

³³ Monzer Kahf, "Waqf and Its Role in Socio-Economic Development," in *Essential Readings in Contemporary Waqf Issues* (2014).

The analysis presented in this study suggests the emergence of a broader governance paradigm that may be described as value-based sustainability governance. This approach emphasises the integration of ethical values, institutional governance structures, and economic policy instruments within sustainability frameworks. Transitions towards sustainability necessitate not only technological innovation and regulatory reform, but also cultural transformations that reshape societal attitudes towards consumption, environmental responsibility, and intergenerational equity.³⁴

Ethical frameworks have been identified as playing a critical role in fostering these behavioural changes. When environmental protection is conceptualised as a moral obligation rather than a mere regulatory requirement, individuals and communities may become more actively engaged in sustainability initiatives. Within Muslim-majority societies, Islamic ethical principles provide a value system that is embedded within the culture and which supports environmental stewardship and responsible economic behaviour.³⁵ The integration of these ethical frameworks into sustainability governance may therefore enhance both the legitimacy and the effectiveness of environmental policies.

Moreover, this standpoint contributes to the global discourse surrounding the role of cultural diversity in the realm of sustainability governance. Rather than relying exclusively on universal technocratic policy models, it is argued that sustainability transitions may benefit from incorporating locally embedded ethical traditions that resonate with societal values and institutional contexts.

7. CONCLUSION

It is evident that the global transition towards sustainable development necessitates the establishment of governance frameworks that seamlessly integrate environmental protection, economic transformation, and ethical responsibility. The findings of this study demonstrate that sustainability transitions cannot be achieved solely through technological innovation or market-based environmental policies. Instead, effective sustainability governance requires institutional arrangements capable of aligning economic systems with ecological limits and socially embedded value systems.

This study draws on insights from the fields of sustainability governance and ecological economics in order to highlight the importance of integrating ethical principles into green economy frameworks. Sustainability transitions have been shown to involve not only structural economic changes but also normative transformations that influence how societies perceive environmental responsibility and resource use.³⁶

In this context, Islamic economic and ethical principles provide a normative foundation that aligns closely with sustainability objectives. Concepts such as stewardship (*khalifah*), balance (*mizan*), and justice (*adl*) emphasise the responsibility of human societies to maintain ecological equilibrium while ensuring social welfare and equitable resource distribution.³⁷ These principles find strong resonance in contemporary sustainability discourse, which emphasises intergenerational justice, ecological resilience, and responsible consumption.

A comparative analysis of sustainability governance frameworks in Indonesia, Malaysia, the United Arab Emirates, Saudi Arabia, and Turkey reveals that significant policy initiatives have been introduced to support green economy transitions. However, the integration of ethical governance principles within these frameworks remains limited. In numerous instances, sustainability policies are principally formulated around technocratic regulatory instruments and economic incentives, with

³⁴ Tim Jackson, *Prosperity without Growth: Foundations for the Economy of Tomorrow*, 2nd ed. (London: Routledge, 2017); Ian Scoones, Melissa Leach, and Peter Newell, "Transformations to Sustainability: Combining Structural, Systemic and Enabling Approaches," *Ecology and Society* 20, no. 2 (2015): 41.

³⁵ Seyyed Hossein Nasr, *Religion and the Order of Nature* (Oxford: Oxford University Press, 1996); Mohammad Hashim Kamali, *The Middle Path of Moderation in Islam: The Qur'anic Principle of Wasatiyyah* (Oxford: Oxford University Press, 2016).

³⁶ Ian Scoones, Melissa Leach, and Peter Newell, "Transformations to Sustainability: Combining Structural, Systemic and Enabling Approaches," *Ecology and Society* 20, no. 2 (2015): 41; Tim Jackson, *Prosperity without Growth: Foundations for the Economy of Tomorrow*, 2nd ed. (London: Routledge, 2017).

³⁷ M. Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid al-Shariah* (Jeddah: Islamic Research and Training Institute, 2008); Mohammad Hashim Kamali, *The Middle Path of Moderation in Islam: The Qur'anic Principle of Wasatiyyah* (Oxford: Oxford University Press, 2016).

ethical or cultural dimensions being explicitly excluded. This omission has the potential to compromise policy legitimacy and social engagement.

From a theoretical perspective, this study makes a contribution to the field of sustainability governance scholarship by proposing a value-based sustainability governance framework that integrates ecological economics, institutional governance, and Islamic ethical principles. This integrative perspective underscores the potential role of ethically embedded traditions, particularly in Muslim-majority societies where religious norms continue to influence social and economic practices.

Policy Implications

The findings of this research suggest several policy directions for the enhancement of sustainability governance. Firstly, it is incumbent upon governments to promote greater integration between sustainability policies and ethical governance frameworks. The legitimacy of environmental policies may be enhanced when they align with culturally recognised moral principles. In Muslim-majority countries, the incorporation of Islamic ethical concepts into sustainability discourse has the potential to enhance public engagement with environmental protection initiatives. Secondly, policymakers should consider expanding the role of Islamic finance in supporting green economic transformation. Financial instruments such as green sukuk and waqf-based environmental funds provide innovative mechanisms for mobilising capital towards sustainable infrastructure, renewable energy development, and ecosystem conservation.³⁸ The hypothesis that the institutional link between Islamic finance and sustainability governance could therefore accelerate green investment flows is therefore testable. Thirdly, the governance of sustainability demands enhanced institutional coordination across the environmental, economic, and financial policy domains. A significant number of sustainability challenges emerge from the fragmentation of governance systems, wherein environmental policies function independently from economic planning. The integration of sustainability objectives into national development strategies, energy policies, and financial regulation has been demonstrated to facilitate policy coherence and ensure long-term environmental outcomes.³⁹ Fourthly, the establishment of regional cooperation among Muslim-majority countries has the potential to facilitate knowledge exchange and the development of novel policy innovations in the domain of sustainability governance. It is evident that countries such as Indonesia and Malaysia have demonstrated leadership in the field of green Islamic finance.

In contrast, Gulf states have invested heavily in renewable energy infrastructure. The establishment of collaborative policy platforms has the potential to facilitate the exchange of best practices among these countries, thereby catalysing sustainability transitions across the broader Muslim world.

Contributions and Potential for Further Investigation

Notwithstanding the contributions of this study, its inherent limitations suggest avenues for future investigation. The analysis is chiefly dependent on qualitative policy documentation and secondary data sources, which may not fully capture the complexity of policy implementation processes in different national contexts. It is recommended that future research employ mixed-method approaches, including empirical case studies and quantitative policy evaluation, in order to examine the effectiveness of sustainability governance frameworks in practice.

Furthermore, additional research is required to explore how ethical governance principles influence environmental behaviour at the societal level. The execution of comparative studies that examine the relationship between religious values, public attitudes, and environmental policy

³⁸ Alam, Gupta, and Zamani, *Fintech and Islamic Finance: Digitalization, Development and Disruption* (2019); Ahmad Malik, Mohd Azmi Omar, and Behdad Saiti, "Green Sukuk and Sustainable Finance: Opportunities for Islamic Capital Markets," *Journal of Sustainable Finance & Investment* 10, no. 3 (2020): 238–56.

³⁹ James Meadowcroft, "Engaging with the Politics of Sustainability Transitions," *Environmental Innovation and Societal Transitions* 1, no. 1 (2011): 70–75.

outcomes could provide a more profound understanding of the role of ethical frameworks in sustainability transitions.

Concluding remarks

This study posits that sustainability transitions necessitate governance frameworks that transcend the confines of technocratic environmental management, embracing more integrated approaches that integrate economic policy, institutional governance, and ethical values. The incorporation of ethical traditions, such as Islamic economic principles, into sustainability governance frameworks has the potential to enhance the legitimacy and effectiveness of green economy transitions in Muslim-majority societies and beyond.