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A Comparison Of Distribution Theories On Terms Of Their Impact On Price Levels And Market Competitiveness From A Microeconomic And Macroeconomic Perspective

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Abstract

This study is motivated by the differences in the theoretical approaches to distribution in microeconomics and macroeconomics, with each perspective exerting a distinct influence on price formation mechanisms and the level of market competitiveness. The aim of this study is to conduct a comparative analysis of distribution theory from microeconomic and macroeconomic perspectives, as well as its impact on price dynamics and market competition. The method employed is a normative approach involving a review of relevant economic literature. The results of the study indicate that, from a microeconomic perspective, distribution focuses more on the interactions between market participants that influence prices through the mechanisms of supply and demand, whilst from a macroeconomic perspective, distribution relates to policies and equity that have a broad impact on price stability and competitiveness. These differences indicate a complementary relationship, but also have the potential to cause imbalances if not managed in an integrated manner.

Keywords: Distribution Theory, Microeconomics, Macroeconomics, Price Levels, Market Competitiveness.

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INTRODUCTION

Differences in approach to understanding the theory of distribution have become a key issue in contemporary Islamic economic studies. Distribution is viewed not only as an economic process, but also as part of a value system aimed at creating social justice (Nurul Syafriani et al., 2025). Islamic economic thinkers regard distribution as a key element in maintaining a balance between individual and societal interests (Asni Gusmiarni, Gunawan, & Kamirudduin, 2026). This understanding indicates that distribution has direct implications for price formation and market competitiveness.

Monzer Kahf's view emphasises that distribution in Islamic economics must be oriented towards justice and equity, rather than merely market efficiency. Fair distribution will create economic stability and improve the welfare of society. This approach demonstrates that prices are determined not only by market mechanisms, but also by conditions of equitable distribution. Market competitiveness in this context is influenced by the balance between efficiency and justice (Nuraifa Umaya Santi et al., 2026). Umer Chapra, meanwhile, emphasises that unequal income distribution can undermine economic stability and lead to social inequality. The Islamic economic approach advocates for proportionate intervention to maintain this balance. Fair distribution will enhance the public's purchasing power and foster sustainable economic growth. This perspective highlights the close interconnection between distribution, prices and market competitiveness (Nuraifa Umaya Santi et al., 2026).

M. Nejatullah Siddiqi explains that distribution in Islamic economics cannot be separated from moral and ethical values. Economic activity must be directed towards achieving collective welfare, not merely individual profit. A distribution system based on these values will create a more stable and equitable market. In this context, prices reflect a balance between individual and societal interests (Rizal Darwis & Zulaeha, 2022). The thinking of Baqir al-Sadr makes an important contribution to understanding distribution as part of an integrated economic system. Distribution occurs not only at the stage of consumption, but also within the production process. Ownership of and access to resources must be regulated fairly to prevent monopolies. This will influence price structures and the level of competition in the market (Nasrudin & Ani Fatimah Zahra Saifi, 2022).

Yusuf al-Qaradawi emphasises the importance of distributive instruments such as zakat in maintaining economic balance. Zakat functions as a redistributive mechanism that channels wealth from the affluent to those in need. This system not only reduces inequality but also boosts the public's purchasing power. Its impact is evident in price stability and an increase in overall economic activity (Tegar Faiz Fahrezy et al., 2025). Meanwhile, Ibn Khaldun's thinking suggests

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that unfair distribution can lead to a weakening of economic activity and a decline in productivity. Balance in distribution is a key factor in maintaining economic sustainability. Equitably distributed income will encourage consumption and investment. These conditions contribute to the creation of a more competitive market (Astri Hanum Lubis et al., 2025).

Yusuf al-Qaradawi emphasises the importance of distribution instruments such as zakat in maintaining economic balance. Zakat functions as a mechanism for the redistribution of wealth, channelling assets from the affluent to those in need. Through this mechanism, zakat not only plays a role in reducing economic inequality but also increases people's purchasing power, thereby stimulating overall economic growth. An increase in people's purchasing power will have an impact on price stability and strengthen the economic cycle in a sustainable manner (Tegar Faiz Fahrezy et al., 2025). In line with this, Ibn Khaldun held the view that an unfair distribution of wealth would lead to a weakening of economic activity, a decline in productivity, and hinder a nation's growth. Therefore, an equitable distribution of income is a crucial factor in creating a balance between consumption, investment, and the sustainability of a competitive market (Astri Hanum Lubis et al., 2025).

From a classical economic perspective, Adam Smith explained that prices are essentially determined by production costs and market mechanisms operating through free competition (Smith, 1981). However, Smith also emphasised that economic activity cannot be separated from moral values and justice, as ethically grounded economic behaviour will foster greater social welfare (Smith, 1982). This line of thought was subsequently reinforced by David Ricardo, who argued that the relative price of a good is influenced by its production costs, particularly labour, whilst the mechanism of competition serves to allocate resources efficiently so that the market can function optimally (Ricardo, 1951). Furthermore, John Stuart Mill distinguished between the laws of production and the principles of distribution. According to him, production follows natural economic laws, whilst distribution is heavily influenced by government policy, the institutional system, and the social regulations in force within a country (Mill, 1965).

From the perspective of Islamic economics, distributive justice is an integral part of the objectives of Sharia (maqāṣid al-syarī'ah), namely to achieve the common good, welfare and justice for the whole of society. Therefore, both production and distribution activities must be directed towards serving the common good, rather than merely pursuing individual profit (Suparman Kholil, 2025). The distribution of wealth in Islamic economics is realised through various instruments that ensure equitable access to economic resources, such as zakat, infak, sadaqah and waqf, thereby addressing various contemporary economic challenges whilst

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reducing social inequality (Hijjatum Balighotul Qolbah & Rahmawati, 2025). These principles are rooted in the teachings of the Qur'an, which emphasise the importance of justice, balance and social responsibility in all economic activities, so that wealth does not circulate solely amongst certain groups (Soenarjo, 2019).

Furthermore, the principles of Islamic jurisprudence also provide a normative foundation for creating a fair distribution system. The principle of al-ḍarar yuzāl, which means 'harm must be removed', emphasises that every policy and economic activity must be capable of preventing harm and protecting the interests of society at large (Namira Sabrina, 2025). On the other hand, the principle of 'tasarruf al-imām manūṭun bi al-maṣlaḥah' explains that every policy adopted by the government must be oriented towards the public interest, including in establishing distribution policies, price controls, and market regulation (Achmad Musyahid Idrus, 2021). Thus, the Islamic economic system not only prioritises economic efficiency but also integrates ethical values, distributive justice and governmental responsibility in realising sustainable economic growth and healthy market competitiveness (Suparman Kholil, 2025; Hijjatum Balighotul Qolbah & Rahmawati, 2025).

This verse emphasises that the distribution of wealth must prevent the concentration of wealth amongst certain groups. This principle forms the foundation for building an inclusive, fair economic system geared towards the common good. The use of the word "دُولَةً" in this verse refers to the circulation of wealth that remains confined to certain circles, thereby failing to benefit society at large. Therefore, Islam emphasises that wealth must be distributed fairly so that economic benefits can be felt by all sections of society. Equitable distribution not only prevents economic inequality and social injustice but also strengthens sustainable economic stability. In the context of the modern economy, this verse is relevant as a normative basis for the implementation of various redistributive instruments, such as zakat, infak, sadaqah, waqf, and other Islamic social finance mechanisms. Through fair distribution, people's purchasing power will increase, economic activity will become more dynamic, and markets will develop in a more inclusive and competitive manner (Soenarjo, 2019; Suparman Kholil, 2025; Hijjatum Balighotul Qolbah & Rahmawati, 2025). Thus, distributive justice is a key prerequisite for realising a sustainable economic system oriented towards the common good.

This principle is reinforced by the fiqh maxim الضَّرَرُ يُزَالُ, which means 'harm must be removed'. This maxim emphasises that any economic policy, including policies on the distribution of wealth, must not have a detrimental impact on society. Inequalities in distribution that result in structural poverty, social disparities, or limited access to economic resources constitute forms

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of harm that must be prevented through fair and proportionate policies. Consequently, the distribution system within the Islamic economy must be designed to protect the interests of all sections of society, rather than merely benefiting specific groups (Namira Sabrina, 2025).

Furthermore, the fiqh principle تَصَرُّفُ الإِمَامِ عَلَى الرَّعِيَّةِ مَنُوطٌ بِالْمَصْلَحَةِ which means 'the ruler's governance of the people must be based on the public interest', provides legitimacy for the state's role in regulating the distribution of wealth in a fair and proportionate manner. Based on this principle, the government has a responsibility to formulate economic policies capable of creating collective welfare, reducing social inequality, and preventing the concentration of wealth amongst certain groups. Therefore, these two fiqh principles demonstrate that the distribution system in Islamic economics is not merely a mechanical economic activity, but also possesses a normative dimension oriented towards the public interest, justice, and the overall welfare of society (Achmad Musyahid Idrus, 2021; Namira Sabrina, 2025).

Previous research has extensively examined distribution in Islamic economics. Muhammad Najib et al. (2025) examined the practices of monopoly and oligopoly from the perspective of Islamic law and emphasised that distributional inequality can undermine price justice and weaken market competitiveness. Meanwhile, Ali et al. (2015) highlighted various factors influencing Islamic market mechanisms, including distribution, price formation and business competition, whilst emphasising the importance of maintaining a balance between competition and the values of justice. Another study by Sumadi et al. (2025) outlines pricing theory in Islamic economics and demonstrates that fair distribution contributes to price stability and market efficiency through proportionate intervention. All three studies regard distribution as a key element in the Islamic economic system; however, each addresses it only partially in accordance with its specific research focus whether on market structure, market mechanisms, or pricing theory (Ali et al., 2015; Muhammad Najib et al., 2025; Sumadi et al., 2025).

Unlike previous studies, this research adopts a more integrative comparative approach by comprehensively examining the theory of distribution in relation to price levels and market competitiveness within a single, cohesive analytical framework. This study not only outlines the concept of distribution normatively based on the Qur'an, hadith and fiqh principles, but also analyses the systemic relationship between the distribution of wealth, price formation and market competitiveness from an Islamic economic perspective. Thus, this research is expected to make a more comprehensive scientific contribution to the development of Islamic economic theory, particularly regarding the role of distribution in creating economic stability, enhancing market efficiency, strengthening competitiveness, and realising an economic system that is fair,

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sustainable, and in accordance with Sharia values.

RESEARCH METHODOLOGY

The research method employed in this study is a normative approach, focusing on a literature review of various relevant economic texts, particularly from the perspective of Islamic economics. The normative approach was chosen because this study focuses on the analysis of concepts, theories and principles relating to distribution, price levels and market competitiveness as developed in the thinking of Islamic economists, as well as contemporary studies on the methodology of Sharia law and economics research (Novianti, 2024). The data used is sourced from legal materials and secondary literature, such as academic journals, as well as the works of Islamic economic thinkers of academic authority, including studies on strengthening Sharia-compliant businesses in the face of global economic dynamics (Fatahillah et al., 2025). The analysis process involves examining, comparing and synthesising various distribution theories to identify their relationship with price formation mechanisms and market competitiveness. This approach also enables the researcher to identify conceptual gaps and offer a more comprehensive analytical framework. Thus, the normative method employed in this study serves not only to describe theories but also to construct a systematic scientific argument for understanding the relationship between distribution, prices and market competitiveness from an Islamic economic perspective, as well as its relevance to global economic challenges.

DISCUSSION

ISLAMIC ECONOMIC THOUGHT: DISTRIBUTION AS A MEANS OF BALANCING INDIVIDUAL AND SOCIETAL INTERESTS

The following is a comparative table analysing the views of six Islamic economic thinkers on distribution in terms of its principles, instruments and objectives:

A teacher's role is not only to define, generate, or convey content, but also to assist children in learning pathways and trying to connect with existing and new sources of information (Anderson & Dron, 2011). Theories of social learning, such as connectivism, shed light on

CONCLUSION

This article aims to discuss Social Learning Theory, particularly in the aspects of connectivism and constructivism.

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Table 1. Comparative Analysis of Islamic Economic Thought on Distribution

No	Thinker	Principles of Distribution	Distribution Instruments	Objectives of Distribution
1	Monzer Kahf (Kahf, 1978)	Private ownership is recognised within Sharia boundaries, justice ('adl), prohibition of hoarding and exploitation, and an ethical market system	Zakat, prohibition of riba, mudarabah/musharakah, voluntary charity (sadaqah), waqf	Prevent extreme concentration of wealth, fulfil basic needs, and maintain balance between individual freedom and collective welfare
2	Monzer Kahf (Kahf, 1978)	Private ownership is recognised within Sharia boundaries, justice ('adl), prohibition of hoarding and exploitation, and an ethical market system	Zakat, prohibition of riba, mudarabah/musharakah, voluntary charity (sadaqah), waqf	Prevent extreme concentration of wealth, fulfil basic needs, and maintain balance between individual freedom and collective welfare
3	M. Umer Chapra (Chapra, 2000)	Maqasid al-Shariah framework, economic justice, moral filtering of market behaviour, socio-economic balance	Interest-free banking system, institutionalised zakat, productive waqf, regulation against monopoly	Achieving falah (worldly and hereafter wellbeing), poverty alleviation, equitable income distribution, and strengthening social solidarity
4	M. Nejatullah Siddiqi (Siddiqi, 1981;	Moral-structural approach, dual responsibility (individual and collective),	Zakat, profit-and-loss-sharing institutions, cooperatives, Sharia supervision of markets	Substantive distributive justice, reduction of inequality, strengthening

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	Siddiqi, 1985)	prohibition of gharar, transparency in wealth flows		economic brotherhood (ukhuwwah iqtishadiyyah), inclusive growth
5	Baqir al-Sadr (Al-Sadr, 1984)	Dual ownership (private and public), strong role of the state, social justice (‘adl ijtimai), anti-class exploitation	Zakat and khums as state revenue, state regulation of markets and prices, public ownership of strategic resources, fiscal policy tools	Prevent structural inequality, ensure dignified living standards, balance economic freedom and social responsibility
6	Yusuf al-Qaradawi (Al-Qaradawi, 1984)	Fiqh of priorities (fiqh al-awlawiyyat), balance between rights and obligations, zakat as an obligatory duty, moderate approach (wasatiyyah)	Integrated zakat system, productive waqf, Islamic microfinance institutions, structured charitable funds	Circulation of wealth (dawr al-mal), poverty alleviation, economic empowerment of the Muslim community, material–spiritual balance
7	Ibn Khaldun (Ibn Khaldun, 2005	Circulation of wealth (dawr al-mal) as an economic law, fair taxation, fiscal role of the state, cyclical theory of civilisation (umran)	Taxes (kharaj, jizyah), public expenditure on infrastructure and welfare, market supervision (hisbah), anti-monopoly measures	Prevent economic stagnation, maintain purchasing power and price stability, social harmony, and sustainability of civilisation
8	Baqir al-Sadr (Al-Sadr, 1984)	Dual ownership (private and public), strong role of the state, social justice (‘adl ijtimai), anti-class exploitation	Zakat and khums as state revenue, state regulation of markets and prices, public ownership of strategic resources, fiscal policy tools	Prevent structural inequality, ensure dignified living standards, balance economic freedom and social responsibility

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FACTORS AFFECTING DISTRIBUTION IN SHAPING PRICE LEVELS AND MARKET COMPETITIVENESS: A MICROECONOMIC AND MACROECONOMIC PERSPECTIVE

Distribution is the process of channelling goods and services from producers to end consumers, involving one or more intermediaries in the supply chain (Soekartawi, 2018). From a marketing perspective, distribution is understood as a company's activity to ensure that products and services are readily and appropriately available to target consumers (Kotler & Armstrong, 2018). Thus, distribution occupies a strategic position as a link between the production and consumption processes, directly influencing price formation and market competitiveness.

In the context of microeconomics, distribution influences prices through cost mechanisms and market structure. Logistics and transport costs form part of the marginal costs that directly determine a product's final selling price. The more efficient the distribution chain, the lower the average costs borne by consumers, thereby making prices more competitive (Mankiw, 2021). Furthermore, the structure of distribution channels also affects price margins. An excessively long distribution chain increases the accumulation of mark-ups at each intermediary level, which may ultimately reduce consumer purchasing power and weaken a product's competitiveness in the market (Pindyck & Rubinfeld, 2018).

Product characteristics are also a key factor in determining distribution efficiency and prices. Perishable goods require a fast and efficient distribution system with relatively high storage costs, which tends to increase the equilibrium price in the market (Varian, 2020). Furthermore, information asymmetry between producers, distributors and consumers can create market inefficiencies, where prices do not reflect the true economic value, thereby disrupting the optimal allocation of resources.

From a macroeconomic perspective, distribution has a broader impact on price stability and national competitiveness. Distribution infrastructure such as roads, ports and digital logistics systems is a key factor determining the aggregate efficiency of the economy. Infrastructure constraints will increase transaction costs systemically, which may ultimately drive structural inflation and reduce a country's export competitiveness (World Bank, 2023). Furthermore, government policies such as transport subsidies, trade regulations and logistics incentives play a role in reducing national distribution costs, thereby helping to curb inflation and boost household purchasing power (Bank Indonesia, 2024).

Global market integration is also a key factor influencing distribution. Free trade demands high distribution efficiency to ensure domestic products remain competitive in international markets. Inefficient distribution can lead to higher prices for local products compared to imported

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goods, thereby potentially weakening the trade balance (Krugman, Obstfeld, & Melitz, 2022). Furthermore, macroeconomic stability such as exchange rates and interest ratesalso affects distribution costs through input prices, such as fuel, warehouse rent and working capital, which in turn impact the final market price of goods (Blanchard, 2021).

Distribution efficiency ultimately creates a multiplier effect in the economy. A reduction in logistics costs will lower the price of goods, increase demand, expand the scale of production, and strengthen companies' competitiveness. In microeconomics, this is reflected in companies' ability to offer more competitive prices whilst maintaining their profit margins. Meanwhile, in macroeconomics, distribution efficiency contributes to lower inflation, increased export competitiveness, and more inclusive and sustainable economic growth (Porter, 2020; Todaro & Smith, 2020). Therefore, strengthening the distribution system through investment in logistics infrastructure, regulatory reform, and the utilisation of supply chain technology is a key strategy for improving market efficiency. These efforts are not merely operational in nature, but also constitute strategic policies for maintaining price stability, strengthening national competitiveness, and supporting sustainable economic development (Stiglitz, 2019; UNCTAD, 2024).

DISTRIBUTION FROM A MICROECONOMIC PERSPECTIVE AND ITS IMPACT ON THE PRICE MECHANISM

From a microeconomic perspective, distribution is understood as a mechanism for the allocation of resources that arises through systemic interactions between economic agents, namely producers, distributors and consumers. These interactions are dynamic and mutually influential, with every economic decision contributing to the establishment of market equilibrium. Within this framework, distribution is not merely viewed as the channelling of goods and services, but as a structural element within the economic system that determines the efficiency of resource allocation (Varian, 2020).

The price mechanism at the micro level is fundamentally determined by the simultaneous interaction between supply and demand in the market. Changes in consumer preferences, market expectations, or production capacity will directly affect the price equilibrium point. Thus, distribution plays a strategic role in ensuring alignment between the availability of goods and the level of public demand, so that the resulting prices reflect an efficient market mechanism (Mankiw, 2021). In this context, distribution efficiency serves as a key indicator for assessing market performance, particularly in relation to transaction costs and the smooth flow of goods.

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The efficiency of the distribution system has a direct impact on the cost structure of the economy. Effective distribution reduces logistics costs, speeds up the turnover of goods, and improves consumer access to products. These factors contribute to more stable and competitive prices. Conversely, inefficiencies in the distribution chain can lead to relative scarcity, increase marginal costs, and cause price distortions that do not reflect fundamental market conditions (Pindyck & Rubinfeld, 2018). Therefore, the quality of the distribution system has a significant correlation with price stability in microeconomics.

From an Islamic economic perspective, distribution at the micro level is analysed not only within a positive-economic framework but also in its normative-ethical dimension. Economic practices that have the potential to undermine market mechanisms, such as monopolies and hoarding are strictly prohibited as they can disrupt price equilibrium and create structural injustice in the market (Al-Sadr, 1984). The principle of justice (adl) serves as the normative foundation ensuring that distribution is not exploited for the exclusive benefit of one party, but must maintain a balance of interests between producers and consumers.

Islamic economics emphasises the importance of transactional integrity through the principles of transparency (shidiq) and honesty (amanah) as part of economic ethics. The implementation of these principles serves to build market confidence, which in turn is a prerequisite for long-term price stability (Chapra, 2000). Consequently, distribution grounded in Islamic ethics not only yields economic efficiency but also strengthens social cohesion and the stability of the market system.

Distribution at the micro level that operates efficiently and equitably will foster the creation of a competitive and sustainable market structure. Business operators will be encouraged to improve operational efficiency and innovation without distorting market mechanisms. The prices that emerge do not merely reflect the balance of supply and demand, but also embody the internalisation of the value of justice within economic activity. Thus, distribution can be understood as a fundamental foundation for building a stable, efficient and highly competitive market system.

DISTRIBUTION FROM A MACROECONOMIC PERSPECTIVE AND ITS IMPLICATIONS FOR ECONOMIC STABILITY

From a macroeconomic perspective, distribution positions the state as the primary actor in coordinating and controlling the aggregate economic balance. The focus of analysis is no longer limited to the interactions between individual economic agents, but rather on how income and

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wealth are distributed equitably across all strata of society. In this context, distribution is closely linked to efforts to maintain sustainable economic stability, where economic growth is measured not only by an increase in output but also by the equitable distribution of welfare (Putra et al., 2025).

The role of the state is crucial in ensuring that the mechanisms of economic growth do not create structural inequalities. The government utilises various fiscal policy instruments, such as taxation, subsidies and public expenditure, to steer income distribution towards greater fairness. These instruments serve not only as tools for redistribution but also as economic stabilisation mechanisms aimed at maintaining a balance between inflation, consumption and growth (Huda et al., 2024). Thus, fiscal policy plays a strategic role in reducing inequality whilst enhancing the overall well-being of society.

Effectively managed distribution will create a balance between economic growth and income equality. In this regard, public purchasing power serves as the key indicator reflecting the success of distribution policies at the macro level. An increase in purchasing power will boost household consumption, expand aggregate demand, and drive production activity. These conditions contribute to price stability as the interaction between supply and demand becomes more balanced (Nurun et al., 2022). Conversely, distributional inequality can reduce people's purchasing power and trigger economic instability, including uncontrolled price fluctuations.

From an Islamic economic perspective, distribution at the macro level has a strong normative foundation through the instruments of zakat, infak, sadaqah and waqf as mechanisms for the redistribution of wealth. These instruments serve to ensure that wealth is not concentrated amongst specific groups, but rather flows more evenly to those in need (Latifah, 2021). This principle is also emphasised in the Qur'an, which states that wealth must not circulate solely amongst the rich (QS. Al-Hasyr: 7), thereby forming the normative basis for redistributive policies in Islamic economics.

Price stability in a macroeconomic context is heavily influenced by the pattern of income distribution within society. A society with strong purchasing power will generate stable aggregate demand, thereby supporting the creation of a dynamic market equilibrium. Conversely, distributional inequality can weaken purchasing power, reduce consumption, and cause price instability, which in turn impacts the overall economic balance (Nurun et al., 2022). This situation demonstrates that distribution not only affects social aspects but also has direct implications for macroeconomic stability. Thus, fair and proportional distribution is a key foundation for creating

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sustainable economic stability. The synergy between the state's role through fiscal policy and the principles of Islamic economics results in an economic system that is not only allocatively efficient but also distributively just. A balance between economic growth and equity is the key to building an economic system that is stable, inclusive, and adaptable to global dynamics.

MARKET COMPETITIVENESS: A MICRO AND MACRO DISTRIBUTION PERSPECTIVE

Market competitiveness is one of the key indicators for assessing the performance of an economic system. In the context of distribution, competitiveness is determined not only by the ability of businesses to produce goods and services, but also by the efficiency of the distribution system in channelling products from producers to end consumers. Thus, distribution acts as a strategic bridge linking the processes of production and consumption, meaning that its quality is crucial in determining a product's position and competitive advantage in the market (Nuryadin, 2024). From a microeconomic perspective, competitiveness is understood as the result of business operators' operational efficiency and strategies in facing market competition. Effective distribution enables business operators to reach consumers at a lower cost, more quickly, and with better availability. These conditions enhance the value of the product in the eyes of consumers, both in terms of price and accessibility. Distribution efficiency at the micro level is one of the competitive advantages that determines the success of businesses in a competitive market (Suryaningrat & Wahab, 2023).

The structure of distribution at the micro level also influences the intensity of competition amongst businesses. An open and competitive distribution system creates equal opportunities for businesses to grow, thereby fostering innovation and efficiency. Conversely, barriers to distribution, such as the dominance of certain networks or exclusive practices, can reduce the level of competition and create market distortions that are detrimental to small businesses and consumers alike. From a macroeconomic perspective, competitiveness is viewed as the result of the interaction between economic policies, structural conditions and overall market dynamics. An equitable distribution of income will increase the public's purchasing power, expand the size of the market and drive aggregate business growth. A stable economic environment strengthens collective competitiveness, as economic activity can proceed more consistently and sustainably (Zein et al., 2023).

The role of the state is crucial in creating an economic ecosystem that fosters competitiveness. Through distribution policies, the government can regulate market structures to ensure they remain competitive and prevent monopolistic practices that undermine business

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competition. Uneven distribution can reinforce the dominance of certain groups and weaken other businesses, thereby reducing market dynamism and diminishing overall competitiveness. In Islamic economics, market competitiveness is understood not only within the framework of economic efficiency, but also within the framework of values and ethics. Competition is viewed as a means of achieving the common good, not merely to maximise individual profit. Consequently, practices that harm others, such as hoarding goods and price manipulation, are prohibited as they contravene the principle of justice in Islam.

The fiqh principle of 'al-darar yuzāl' (harm must be removed) asserts that any economic activity that causes harm must be avoided and eliminated (Sabrina, 2025). This principle serves as a normative foundation for creating mechanisms for healthy and fair competition. Fair distribution will foster market equilibrium, ensuring that all economic actors have equal opportunities to thrive. This situation ultimately strengthens market competitiveness in a sustainable manner. Thus, the integration of microeconomic and macroeconomic perspectives with Islamic economic values is key to building an ideal market competitiveness. Distribution efficiency at the micro level must be supported by fair distribution policies at the macro level, and reinforced by ethical values in economic practice. This balance will result in a market system that is not only competitive but also stable, inclusive and equitable in the face of ever-evolving economic dynamics.

MICRO AND MACRO APPROACHES TO ACHIEVING EFFICIENT AND EQUITABLE DISTRIBUTION

The integration of micro and macro approaches within the distribution system is a fundamental requirement for building a balanced and sustainable economic system. Micro approaches, which emphasise market efficiency, are often unable to optimally address issues of inequality, whilst macro approaches, which focus on public policy, sometimes fail to capture the real dynamics occurring at the level of economic actors. Therefore, the integration of these two approaches is essential to ensure that the distribution system operates both efficiently and equitably (Nursari & Nasrudin, 2025).

The micro-level approach makes a significant contribution to creating efficiency through market mechanisms underpinned by interactions between producers and consumers. These interactions drive the formation of competitive prices that are responsive to changes in public demand. Efficient distribution at the micro level will accelerate the flow of goods and services, boost productivity, and strengthen the efficient allocation of resources within the economy (Nursari & Nasrudin, 2025). Meanwhile, the macro approach complements these mechanisms through government policies aimed at maintaining stability and ensuring the equitable

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distribution of development outcomes.

From a macro perspective, the state plays a strategic role in correcting market failures and distributional imbalances that cannot be resolved by market mechanisms alone. Through fiscal and monetary policy instruments, the government can steer income distribution towards greater equity and ensure that the fruits of economic growth are enjoyed by all sections of society (Istiqomah et al., 2025). Thus, public policy serves not only as a tool for economic stabilisation but also as an instrument of redistribution to foster social justice. A lack of integration between micro and macro approaches can give rise to various structural problems in the economy. Efficiency without equity has the potential to result in acute social inequality, whilst equity without efficiency can hinder economic growth and reduce market competitiveness. Therefore, striking a balance between these two approaches is key to creating an ideal and sustainable distribution system.

In Islamic economics, the integration of efficiency and justice is represented through the principle of maqaid al-syarī'ah, particularly in the aspects of the protection of property (hifz al-māl) and life (hifz al-nafs), which guide the economic system to be not only technically efficient but also oriented towards the wider public good (Arifyanto, 2025). This approach provides a normative framework capable of bridging the gap between market efficiency and distributive justice. The fiqh principle 'taṣarruf al-imām 'ala al-ra'iyyah manūṭun bi al-malahah' affirms that every policy adopted by the government must be oriented towards the public interest (Idrus, 2021). This principle provides the state with the legitimacy to intervene in the economy when distributional inequalities arise, whilst still taking efficiency into account so as not to create new distortions in the market.

The findings of the study indicate that the integration of micro and macro distribution is capable of striking a balance between market efficiency and economic equity. Efficient distribution helps to reduce transaction costs and enhance competitiveness, whilst equitable distribution strengthens people's purchasing power and the stability of aggregate demand. These two aspects complement one another in shaping a stable, inclusive and sustainable economic system. Distributional imbalances have been shown to be one of the main factors influencing price fluctuations and weakening market competitiveness. Income inequality results in some sections of society lacking adequate access to markets, thereby leading to a decline in demand and disrupting overall economic stability. Therefore, there is a need to strengthen the integration of adaptive and value-based distribution policies.

In the policy context, the government needs to optimise fiscal instruments such as taxes

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and subsidies, as well as strengthen Sharia-based distribution mechanisms such as zakat and waqf. Synergy between state policy and Islamic economic instruments will create a more effective and equitable distribution system. Furthermore, the development of a digital technology-based distribution system also serves as a strategic solution for enhancing efficiency, transparency and market accessibility, particularly for small and medium-sized enterprises. The integration of micro- and macro-level approaches with Islamic economic values results in a distribution system that is not only efficient but also inclusive and sustainable. The balance between efficiency and equity is a key factor in enhancing price stability and market competitiveness, whilst also serving as the foundation for formulating economic policies that are responsive to the challenges of the modern era.

CONCLUSION

This study demonstrates that the interplay between microeconomic and macroeconomic perspectives plays a complementary role in shaping an efficient and equitable economic system. The microeconomic approach emphasises efficiency through market mechanisms that directly influence price formation, whilst the macroeconomic approach plays a role in maintaining stability through policies on distribution and income equalisation. The integration of these two approaches is key to striking a balance between efficiency and equity, as distributional inequalities have been shown to trigger price instability and weaken market competitiveness. The Islamic economic perspective reinforces this integration through the principles of Maqashid al-Shari'ah and the rules of fiqh, which emphasise public interest, justice and the avoidance of harm within the distribution system. The findings of this study also confirm that strengthening value-based distribution policies, optimising fiscal and social instruments such as zakat, and utilising technology within the distribution system constitute strategic solutions for enhancing price stability and market competitiveness. Thus, a distribution system that integrates micro, macro, and Sharia values is capable of realising an inclusive, stable, and sustainable economy.

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