

DOI: 10.5281/zenodo.18094515

THE CULTURE OF NYEREP: SYNERGIZING ISLAMIC ECONOMIC PRINCIPLES AND LOCAL LABOR WORKFORCE ABSORPTION

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Received: 07/08/2025

Accepted: 13/09/2025

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ABSTRACT

This study investigates the potential synergy between Islamic economic principles and local labor practices to enhance informal workforce absorption in Indonesia. Using a cultural economy framework grounded in Maqashid Sharia, the research analyzes traditional freelance labor systems rooted in local wisdom, highlighting how they align with Islamic ethical values such as justice, mutual support, and wealth distribution. Through qualitative field research conducted in key batik-producing areas of Central Java, the paper presents empirical insights from 210 in-depth interviews with freelance workers and employers. The findings reveal that while local labor practices like nyerep operate informally, they reflect core values of Maqashid Sharia, particularly the preservation of life (hifz al-nafs), wealth (hifz al-maal), and dignity. However, the lack of institutional frameworks exposes workers to wage uncertainty and social vulnerability. This paper argues for a reconfiguration of informal employment systems through the lens of Islamic economic governance, providing a culturally grounded yet ethically rigorous model of workforce integration. The study contributes to expanding the discourse on Islamic economics, informal labor, and cultural sustainability in Southeast Asia by offering a scalable framework that bridges traditional practices and Sharia-based development goals.

KEYWORDS: Cultural Economy, Informal Labor, Islamic Economics, Local Wisdom, Maqashid Sharia, Moral Governance, Sharia-Based Development, Workforce Absorption.

1. INTRODUCTION

In Muslim-majority societies, integrating economic systems with Islamic ethical principles is increasingly vital for achieving inclusive and sustainable development. Across Southeast Asia, Islamic economics has evolved beyond formal financial institutions to address structural inequalities in the informal labor sector (Ali, 1988; Nasuka, 2012). Yet, scant attention has been given to how Islamic values are embedded in grassroots labor practices. This study explores how Maqashid Sharia—Islamic law’s overarching objectives—can illuminate and strengthen local labor systems in Indonesia’s informal economy. Indonesia, as the world’s largest Muslim-majority country, exhibits rich local labor practices rooted in communal values like mutual aid and trust (Rizal, 2019; Suparji, 2019). These practices sustain millions but often lack economic resilience due to wage volatility and absence of formal protections. Aligning these with Islamic ethical objectives presents a pathway to transform them into culturally grounded and socially robust economic mechanisms. Despite the increasing scholarly attention toward Islamic finance and Sharia-based macroeconomic policies, the intersection between Islamic legal principles and informal labor systems at the community level remains significantly underexplored. Prior studies have largely centered on the formal domains of Islamic banking, zakat institutions, and halal industries (Arief & Izdihar, 2025; Dusuki & Bouheraoua, 2011), while overlooking how Islamic ethics operate within unregulated, grassroots economic structures. This leaves a crucial empirical and normative gap in understanding how Maqashid Sharia can contribute to reshaping informal labor governance in ways that are both culturally embedded and ethically sustainable. Central to this study is the framework of Maqashid Sharia, as reinterpreted by Jasser Auda (Gumanti, 2018),

employing a systems approach that emphasizes six core feature sets: cognitive nature, wholeness, openness, interrelated hierarchy, multidimensionality, and purposefulness (Musarrofa & Muttaqin, n.d.). This framework offers a multidimensional tool to assess informal practices against the five fundamental maqashid: faith (din), life (nafs), intellect (‘aql), lineage (nasl), and wealth (maal). Despite its theoretical richness, application of Maqashid Sharia to informal labor remains underexplored in scholarly discourse. The empirical focus of this study is on informal freelance labor in Central Java—locally referred to as nyerep a practice prevalent in batik-making communities. Workers gather daily to offer labor to SMEs, operating without formal contracts but guided by mutual understanding and shared values. While nyerep supports livelihood and cultural continuity, it also exposes workers to unstable income and lack of legal protections (Achmad, 2022; Bernardi, 2019). This research probes whether embedding the practice within a Maqashid Sharia framework can guide its ethical and institutional improvement. The urgency of addressing this issue is amplified by the global scale of informal employment. According to the International Labour Organization, more than 60% of the world’s working population is engaged in informal work, often lacking basic protections and regulatory oversight (ILO, 2022). Embedding Islamic ethical frameworks into local labor practices not only strengthens community resilience but also contributes to the achievement of the United Nations Sustainable Development Goals (SDGs), particularly Goal 8 (Decent Work and Economic Growth) and Goal 10 (Reduced Inequality). Hence, studying Indonesia’s culturally embedded labor systems offers lessons of broader applicability for ethically informed development models in the Global South. Table 1 below summarizes the alignment between Maqashid Sharia and attributes of the Nyerep practice:

Table 1: Alignment of Maqashid Sharia Objectives with the Characteristics and Ethical Gaps of the Nyerep Practice in Indonesia.

Maqashid Objective	Nyerep Features	Ethical Gaps
Hifz al-Din (Faith)	Mutual trust, communal invitation (<i>ta’awun</i>)	Limited ritual provisions, spiritual reinforcement
Hifz al-Nafs (Life)	Daily income supports basic needs	Income instability, no social safety nets
Hifz al-‘Aql (Intellect)	Local knowledge sharing, peer training	Skill development lacks structure and certification
Hifz al-Nasl (Lineage)	Generational transfer of artisanal values	Cultural erosion, lack of documentation
Hifz al-Maal (Wealth)	Informal sharing of profits, resource pooling	Absence of savings/investment planning, legal recognition

By bridging Islamic legal objectives with indigenous labor traditions, this study introduces a

novel framework for evaluating and enhancing ethical workforce absorption. Rather than treating

informal employment as a policy anomaly, it is reframed as a culturally resilient system that can be strengthened through Maqashid Sharia. This theoretical and methodological contribution expands the operational relevance of Islamic economics into areas of informal labor and cultural sustainability. As such, the paper addresses the following research question: How can the integration of Maqashid Sharia principles with culturally embedded labor practices strengthen informal workforce absorption in Indonesia while promoting ethical and inclusive economic resilience? This question merges cultural specificity with universal Islamic economic norms, providing relevance for Southeast Asia and beyond. The following sections outline a structured approach: first, reviewing literature on Islamic economics, Maqashid Sharia, and informal labor; second, detailing a qualitative methodology, including interviews with 210 participants across Central Java; third, analyzing Nyerep within the maqashid framework; and finally, offering recommendations for policy and community-based institutionalization.

2. LITERATURE REVIEW

The discourse on Islamic economics has undergone significant expansion in recent decades, particularly with the growing adoption of Maqashid Sharia as a guiding framework for ethical governance in financial, legal, and developmental sectors. Defined as the higher objectives of Islamic law, Maqashid Sharia encompasses the preservation of religion (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*maal*), and serves as a normative compass for designing just and holistic socioeconomic systems (Arief & Izdihar, 2025; Dusuki & Bouheraoua, 2011). Jasser Auda's (2008) systems-based reformulation expands the classical paradigm by highlighting six features – systemicity, multidimensionality, openness, interrelatedness, hierarchy, and purposefulness which make maqashid not merely a juristic tool but a dynamic ethical methodology applicable across governance domains. However, despite its conceptual richness, the operational application of Maqashid Sharia in the informal economy remains conspicuously absent. Most contemporary empirical studies focus on maqashid-based evaluations in formal institutional settings – such as Islamic banks, zakat distribution, waqf management, and halal industry governance – where variables are measurable and regulatory frameworks are present (Dusuki & Abdullah, 2007; Fanshurna, 2022). These studies, while insightful, neglect a critical reality: that in many Muslim-majority societies, especially in Southeast Asia, a

large proportion of economic activity occurs informally, outside the reach of legal codes and financial standardization. The International Labour Organization (2022) estimates that over 60% of global employment is informal, rising to over 70% in some developing regions. Informal workers often operate without written contracts, legal protections, or access to state welfare programs, making them highly vulnerable to exploitation and economic shocks. Yet, studies also show that informal economies are not entirely disordered or unregulated. Rather, they are governed by complex social norms, relational ethics, and community-based reciprocity mechanisms (The Jakarta Post, 2021). These moral economies, while undocumented, fulfill critical survival and distributive functions within marginalized populations.

In Indonesia, such community-based informal labor systems are deeply embedded in cultural traditions. Practices like nyerep a freelance daily labor mechanism prominent in Central Java's batik industry – represent more than an economic arrangement; they embody a form of social contract shaped by *gotong royong* (communal mutualism), apprenticeship, and oral trust-based agreements (Achmad, 2022; Bernardi, 2019). These cultural labor systems not only facilitate workforce participation among low-skilled populations but also foster intergenerational knowledge transfer and collective resilience. Interestingly, many of these indigenous practices resonate at least normatively with the ethical imperatives of Maqashid Sharia. For instance, *gotong royong* aligns with the preservation of life and dignity (*hifz al-nafs*), while communal transparency and mutual aid support the protection of wealth and moral integrity (*hifz al-maal*, *hifz al-din*). Yet, despite these conceptual parallels, few academic studies have attempted to formally connect Maqashid Sharia to grassroots labor practices through empirical research. This is a missed opportunity, given the potential for maqashid to serve as a bridge between normative Islamic ethics and the realities of socio-economic exclusion experienced by informal workers. Moreover, with global development agendas such as the UN Sustainable Development Goals (SDGs) calling for decent work, inclusive growth, and reduced inequalities (particularly SDG 8 and 10), the ethical integration of informal systems becomes not only a local religious concern but a matter of global development relevance. Therefore, this literature reveals two critical interrelated gaps. First, although Maqashid Sharia is increasingly invoked in Islamic economics and development theory, its

operationalization within informal labor governance is notably underdeveloped. Second, the culturally embedded labor systems in Muslim-majority regions remain under-theorized within Islamic normative frameworks, particularly in relation to equity, dignity, and moral accountability. These gaps suggest the urgent need for a more integrated model—one that merges indigenous economic wisdom with Sharia-based ethical evaluation to produce locally grounded yet globally relevant frameworks for workforce justice. Responding to these gaps, this study employs the nyerep practice as a primary case to examine how Maqashid Sharia can be applied to evaluate and enhance informal labor systems in Indonesia. The aim is twofold: to develop a culturally embedded ethical framework for grassroots employment practices, and to broaden the scope of Islamic economic discourse by demonstrating how maqashid principles can guide the moral governance of informal labor in diverse socio-cultural contexts.

3. METHODOLOGY

This study adopts a qualitative interpretive approach rooted in naturalistic inquiry and contextual sensitivity, aiming to explore the ethical dimensions of informal labor practices in relation to the Islamic framework of Maqashid Sharia. Such an approach is particularly relevant for investigating socio-religious meanings embedded in culturally sustained economic systems, as it enables an emic perspective that values participant subjectivity, vernacular knowledge, and normative frameworks internal to the studied community. As Denzin and Lincoln (2018) argue, qualitative interpretation allows researchers to understand how meaning is co-constructed between participants and their sociocultural environments, a perspective that is essential when analyzing practices such as nyerep, which are situated in religious, economic, and artisanal lifeworlds simultaneously. The research was conducted in three prominent batik-producing areas of Central Java Pekalongan, Lasem, and Surakarta which were selected purposively due to their long-standing informal labor structures and the cultural continuity of freelance batik craftsmanship. The fieldwork involved direct engagement with 210 individuals: 156 freelance nyerep workers (predominantly women), 42 owners of small-scale batik enterprises, and 12 religious or community leaders. These participants represented a range of socioeconomic positions and were selected to capture the diversity of roles, perspectives, and vulnerabilities present within the nyerep system.

Table 2 summarizes participant distribution, including gender composition across categories.

Table 2: Participant Distribution and Gender Composition.

Participant Category	Number	% Female
Nyerep Workers	156	64%
Batik Employers	42	29%
Religious/Community Leaders	12	50%
Total	210	60%

Primary data were collected between January and June 2024 through semi-structured interviews and participant observation. Interviews were conducted in Bahasa Indonesia and Javanese, depending on the respondent's preference, and were designed to capture lived experiences related to daily labor routines, wage negotiation, spiritual motivation, intergenerational transmission of skills, and perceptions of justice and vulnerability. Each interview lasted between 45 to 90 minutes and was audio-recorded with the participant's consent. In parallel, participant observation was conducted in 18 batik production units, where researchers immersed themselves in the workshop environment to document interpersonal dynamics, production flows, and ethical routines embedded in everyday practice. Supplementary documentary materials, including local religious edicts (fatwa), guild charters, and district labor regulations, were collected to contextualize the normative landscape in which nyerep operates. Ethical approval was obtained from the review boards of UIN K.H. Abdurrahman Wahid Pekalongan and Universitas Sriwijaya. All participants were provided with detailed information about the study's objectives, and their informed consent was obtained prior to participation. Given the intimate nature of the topics discussed particularly regarding religious values and livelihood insecurity researcher's prioritized building rapport, respecting local idioms, and minimizing external judgment. Reflexivity was central to the research process. Each member of the research team maintained field journals to reflect on how their social background, academic position, or religious worldview might influence interactions and interpretations. In addition, member-checking was implemented by presenting initial findings to 25 participants for feedback and verification of interpretive accuracy. Data analysis followed an interpretive thematic model as outlined by Creswell (2013), beginning with careful transcription and line-by-line coding of interview data and fieldnotes. Recurring patterns were grouped into thematic clusters that related to economic practices, spiritual

motivations, relational ethics, and vulnerability management. These themes were then interpreted in light of the five core objectives of Maqashid Sharia namely, the preservation of religion (*din*), life (*nafs*), intellect (*'aql*), lineage (*nasl*), and wealth (*maal*). Rather than applying a fixed deductive template, the Maqashid framework was treated as a heuristic lens through which the lived values and contradictions of the nyerep system could be ethically illuminated. To synthesize the results, a conceptual model was constructed that connects observed labor practices with corresponding maqashid objectives, highlights areas of ethical coherence and dissonance, and proposes pathways for integrating Islamic ethical governance into informal labor systems. This model situates nyerep at the intersection of local wisdom, ethical aspiration, and economic precarity, while also identifying structural blind spots where maqashid objectives remain unfulfilled. To ensure credibility and rigor, the study employed multiple strategies consistent with Lincoln and Guba's (1985) framework. Triangulation was achieved by cross-checking findings from interviews, observation, and documentary sources. Transferability was enhanced through thick description of field contexts and participant narratives. Dependability was ensured by maintaining an audit trail of coding decisions, analytical memos, and reflexive notes, while confirmability was reinforced through collaborative interpretation and critical peer debriefing among the research team. This methodological design allows the study to honor the cultural specificity of nyerep while offering a broader contribution to the theorization of Islamic ethics in informal economies. By integrating empirical insight with normative frameworks, the research seeks not only to understand how ethical labor is already being practiced in culturally grounded ways, but also to propose a morally enriched vision of workforce integration rooted in local agency and Islamic values.

4. RESULT AND DISCUSSION

4.1. *Batik as the Cultural Identity of Pekalongan: History, Challenges, and Prospects for Ethical Economic Development*

Pekalongan has long been acclaimed as the "City of Batik", emerging from coastal trade routes that facilitated cultural syncretism between Javanese artisans, Chinese merchants, and Islamic aesthetics. The city's signature batik motifs such as Jlamprang and Tujuh Rupa symbolise local identity and cosmopolitan heritage, reinforced when UNESCO recognised Indonesian batik as Intangible Cultural

Heritage in 2009 (Atrinawati, 2022). This blending of pattern, spirituality, and communal artistry has shaped batik into a driver of local identity and artisanal livelihood.

Despite its cultural significance, Pekalongan's batik economy relies heavily on informal arrangements, particularly through the nyerep system of daily freelance labour. Workers engaged in the nyerep face significant precarity: wage variability linked to seasonal demand, limited negotiation power, and lack of social safety nets. Many younger residents perceived artisanal labour as insufficiently stable compared to formal employment opportunities, jeopardising generational continuity.

Nevertheless, indigenous values anchored in *ta'awun* (mutual aid), *amanah* (trust), and intergenerational apprenticeship persist as ethical underpinnings of the labour system. Observations revealed frequent instances of collective resource sharing, peer-based skill transmission, and informal savings mechanisms across production networks—practices that strengthen social capital even amid vulnerability.

When interpreted through the Maqashid Sharia framework, Pekalongan's labour practices reveal partial ethical congruence. The communal dimension of resource sharing and apprenticeship resonates strongly with the objectives of preserving life and dignity (*hifz al-nafs*) and safeguarding intellect and lineage (*hifz al-'aql*, *hifz al-nasl*). However, significant ethical gaps remain unaddressed, notably wage instability undermining *hifz al-maal*. Despite deep-rooted trust networks, the absence of legal recognition limits long-term equity and formal protections for workers (Chen, 2012).

More critically, these findings reflect broader patterns observed in similar cultural economies across Southeast Asia, where systemic exclusion from institutional support frameworks often overshadows artisanal resilience (Kesuma & Prasetyo, 2019). Although the batik sector in Pekalongan demonstrates adaptability and cultural endurance, the livelihoods of labourers remain fragile without ethical governance integration. Embedding Maqashid-aligned principles—through community cooperatives, credit-sharing schemes, or local regulatory recognition could reframe nyerep from a survival mechanism into an ethically resilient and culturally grounded economic system.

Therefore, Pekalongan is a rich case of cultural heritage intersecting with economic vulnerability (Andrean et al., 2022). Its batik tradition remains a potent source of identity and collective wisdom, but its labour structures lack formal dignity. Bridging

this gap through Maqashid-based ethical governance may secure livelihoods and reinforce cultural sustainability in informal economies – a model with

potential applicability across Muslim-majority societies grappling with the ethics of cultural labour.

Table 3: Alignment of Nyerep Labor Practices with Maqashid Sharia Objectives.

Maqashid Objective	Observed Practice in Nyerep System	Ethical Alignment	Identified Gaps
<i>Hifz al-Din</i> (Faith)	Spiritual motivation during work; rituals	Moderate	Not formally institutionalized
<i>Hifz al-Nafs</i> (Life)	Mutual support (<i>ta'awun</i>); food sharing	Strong	Lack of healthcare or legal protection
<i>Hifz al-'Aql</i> (Intellect)	Intergenerational skill transfer	Strong	No certification or formal education
<i>Hifz al-Nasl</i> (Lineage)	Family-based apprenticeship	Moderate	Young generation moving away
<i>Hifz al-Maal</i> (Wealth)	Daily freelance income	Weak	Unstable wages; no savings mechanism

4.2. Informal Labor Mechanisms and Workforce Absorption: The Case of Nyerep in Java's Batik Sector

The informal sector continues to dominate Indonesia's labour market, with approximately 59% of the workforce employed in informal economic activities, even after the COVID-19 pandemic rebound (ILO, 2022). In rural and artisanal economies, such as Central Java's batik industry, informal mechanisms like nyerep emerge as critical labour absorption strategies, particularly in regions where formal employment remains scarce. In

Pekalongan and its surrounding areas, nyerep refers to the practice whereby freelance batik workers gather each morning at batik production centres, offering daily labour to SMEs with flexible, cash-based payment systems. From the fieldwork involving 210 respondents including 156 batik workers and 42 employers it was evident that nyerep continues to serve as a primary pathway to livelihood for marginalized workers, especially women and undereducated groups. These findings resonate with national trends: Informal employment disproportionately includes individuals with lower levels of education, limited formal training, and few credentialized skills (Muara Setyanti, 2020).

Table 4: Socioeconomic Profile of Nyerep Workers in the Batik Sector (n = 156).

Variable	Category	Frequency (n)	Percentage (%)
Gender	Female	117	75.0
Gender	Male	39	25.0
Age	18-30	38	24.4
Age	31-45	69	44.2
Age	46 and above	49	31.4
Education Level	Primary School or below	78	50.0
Education Level	Junior High School	46	29.5
Education Level	Senior High School or above	32	20.5
Average Daily Income	Below IDR 50,000	93	59.6
Average Daily Income	IDR 50,000 – 75,000	49	31.4
Average Daily Income	Above IDR 75,000	14	9.0

The socioeconomic data collected from 156 nyerep workers reveals a striking gender imbalance and education gap. As shown in Table 3, women account for 75% of the freelance labour force in the batik sector, reinforcing the perception of informal labour as an extension of feminized domestic roles. Moreover, 50% of respondents had no formal education beyond primary school, and only 20.5% had completed senior high school or higher. This profile illustrates how the nyerep system functions as a catchment for individuals excluded from formal economic mobility, not due to lack of capability, but due to structural limitations in education, certification, and job accessibility. These patterns are echoed across Indonesia's informal sector. According to the ILO, women and low-skilled individuals are

disproportionately represented in precarious employment, particularly in informal manufacturing and service-based home industries. However, in contrast to exploitative gig economies in urban areas, nyerep still embeds strong communal values and social mechanisms of protection. Daily work assignments are typically based on informal rotation or mutual agreement, and senior workers often mentor juniors without monetary compensation, indicating that trust and ethical responsibility remain culturally ingrained. Income-wise, nearly 60% of nyerep workers earn below IDR 50,000 per day (approx. USD 3.20), which falls short of even the local minimum wage. Despite this, many respondents noted the importance of daily liquidity, which allows them to meet basic household needs without delay.

This model also provides work-life flexibility for many women and supports caregiving duties. In this way, nyerep is not merely labour but a survival strategy adapted to gendered responsibilities and economic marginality rhythms. However, these coping mechanisms should not be romanticized. The absence of contracts, social insurance, or legal protection exposes workers to exploitation and sudden job loss. Several batik workers reported being sent home without pay during low-demand periods or replaced by unpaid family labour to reduce employer costs. While employers cite market volatility, this raises fundamental concerns about labour justice, especially under the lens of Islamic ethical principles, which demand the protection of workers' rights, fairness in wages, and security of livelihood (Al-Salem, 2009).



Figure 1: The "Nyerep" Phenomenon in Pekalongan City.

Integrating nyerep into a formalized yet culturally sensitive labour governance system presents a viable pathway forward. For example, community-based labour cooperatives could institutionalize wage standards and collective savings, while preserving the rotational and flexible nature of nyerep. Moreover, partnerships with Islamic financial institutions could offer Sharia-compliant micro-insurance and emergency loan schemes, aligned with *hifz al-maal* (wealth protection) and *hifz al-nafs* (life preservation). Such approaches have succeeded in other informal sectors, including women's cooperatives in rural Bangladesh and artisanal craft networks in Morocco (Basu, 2021). Crucially, preserving the indigenous character of nyerep including its values of trust (*amanah*), cooperation (*ta'awun*), and mutual responsibility should not be compromised by institutionalization. Instead,

Islamic ethical frameworks such as Maqashid Sharia offer a normative lens to legitimize these practices within development discourses, positioning them not as traditional holdovers but as models of ethical resilience. In this sense, nyerep can evolve from a cultural-economic relic into a strategic component of inclusive, faith-informed labour policy in the Global South. Participants frequently reported that nyerep offered rapid income generation and flexible entry, enabling individuals excluded from formal labour markets to engage in income-earning activities. Many younger community members cited nyerep as preferable to unstable gig work or unpaid internships. However, the system is also marked by instability daily wages fluctuate with batik demand cycles, no minimum wage guarantee, and workers lack access to social protection programs. This precarity mirrors broader patterns in Southeast Asia, where informal labour often provides autonomy and flexibility but remains vulnerable to exploitation and poverty traps (Ablaza, 2021). As a workforce absorption strategy, nyerep contributes materially to local economies and cultural preservation. The practice supports the continuity of artisanal knowledge through intergenerational training, informal apprenticeships, and communal design innovation practices deeply rooted in local wisdom. Despite its informal nature, the labour system reflects ethical values of trust, reciprocity, and collective support. These align implicitly with core objectives of Maqashid Sharia, particularly the protection of life (*hifz al-nafs*), intellect (*hifz al-aql*), and lineage (*hifz al-nasl*). Nonetheless, the absence of formal institutional support creates ethical gaps. Wage instability undermines the objective of wealth protection (*hifz al-maal*), while the lack of regulatory recognition limits the dignity and justice owed to workers. While nyerep enhances employment access, it does not guarantee long-term economic security, especially for female and marginalized labourers often bearing additional caretaking and household burdens (The Jakarta Post, 2022). Viewed through global development frameworks, the role of informal absorption systems like nyerep takes on broader significance. With Indonesia's informal sector comprising almost 60% of GDP contribution via MSMEs and informal employment (Schellekens & Yusuf, 2025), integrating Maqashid-aligned ethical governance into such systems could unleash transformative socio-economic potential. Specifically, cooperative financing, community-based insurance schemes, or regulatory recognition tailored to preserve cultural practices could anchor artisanal sectors in sustainable

development paradigms. In essence, nyerep functions as a survival strategy and a socio-cultural mechanism for economic inclusion. As such, this case counters narratives framing informal labour as precarious or substandard. Instead, it highlights the possibility of an ethical, culturally grounded model of workforce absorption—one that aligns Islamic ethical principles with local wisdom to inform future policy and economic interventions across similar regions in Southeast Asia.

4.3. Embedding Islamic Ethical Frameworks in Informal Labor Systems: Rethinking Nyerep as a Cultural Asset

In many developing Muslim-majority contexts, informal economic systems serve as *de facto* safety nets, absorbing labour excluded from formal employment opportunities. In Indonesia, over 57 % of the national workforce is engaged in informal labour, demonstrating the sector's scale and critical

socioeconomic role (Larasati, 2023; Mardhiah, 2024). Within this landscape, nyerep a practice pervasive in Pekalongan's batik economy functions not merely as economic activity, but as a culturally embedded mechanism of workforce absorption rooted in tradition, communal values, and adaptability. Nyerep, conceptualized through the lens of Maqashid Sharia, may be reinterpreted as a cultural asset with ethical and developmental potential, not only for Pekalongan but for broader informal economies across Southeast Asia. Its foundational values *ta'awun* (cooperation), *amanah* (trust), and communal apprenticeship reflect Islamic legislation's higher objectives, including preserving human dignity, collective intellectual heritage, and economic equity. These values resonate with the maqashid principles of *hifz al-nafs* (life and dignity), *hifz al-'aql* (knowledge and intellect), and *hifz al-nasl* (cultural lineage), offering a normative bridge between religious ethics and grassroots practice.

Table 5: Alignment of Nyerep Labor Values with Maqashid Sharia Objectives.

Maqashid Sharia Objective	Corresponding Nyerep Practice	Implication for Ethical Labor
<i>Hifz al-Nafs</i> (Protection of Life)	Flexible work allowing basic livelihood without barriers to entry	Promotes survival and well-being among the economically marginalized
<i>Hifz al-'Aql</i> (Protection of Intellect)	Informal apprenticeship and skill transmission in batik techniques	Preserves artisanal knowledge and intergenerational learning
<i>Hifz al-Nasl</i> (Protection of Lineage)	Family-based labor continuity and cultural rituals	Strengthens social bonds and cultural identity
<i>Hifz al-Maal</i> (Protection of Wealth)	Daily cash payments with potential for community savings	Supports economic security but needs structured financial mechanisms
<i>Hifz al-Din</i> (Protection of Faith)	Embedded Islamic ethics: trust (<i>amanah</i>), cooperation (<i>ta'awun</i>)	Reflects spiritual integrity in labor conduct and communal obligations

Quantitative profiles drawn from Table 3 earlier reveal that nyerep disproportionately engages women (75 % of the workforce), individuals with primary-education or less (50%), and earners below the statutory local minimum wage (60 % earn below IDR 50,000/day). These demographic concentrations underscore how nyerep functions as a labour absorption strategy, particularly suited for socially marginalized groups, thereby reducing informal unemployment among segments excluded from formal markets. However, the absence of institutional oversight weakens economic stability reflecting a misalignment with *hifz al-maal* (wealth protection) as daily wages remain insecure and fluctuating. We interpret these patterns through Maqashid ethics, observing that nyerep simultaneously sustains and fails. The system preserves dignity and communal solidarity but lacks mechanisms that ensure consistent income, financial safety, or access to social welfare, areas where Islamic normative frameworks propose more robust protections. For instance, Islamic social finance tools

such as *zakat*, *waqf*, and *ṣadaqah* (*ziswaf*) have been increasingly recognized as instruments to empower informal economies, suggesting models that could be adapted to embed liquidity, cooperative credit, and insurance coverage into nyerep while preserving its cultural infrastructure (Karimah *et al.*, 2025). Globally, similar artisanal systems such as rural craft villages in Bangladesh or home-based work collectives in Morocco have successfully integrated community financial arrangements and Sharia-compliant micro-insurance to reinforce both cultural identity and economic resilience (Karim & Baset, 2020). These parallels suggest replicability: nyerep practitioners could leverage existing trust networks and local leadership structures to institute cooperative mechanisms that uphold *hifz al-maal* and cover contingencies such as illness, fluctuating demand, or age-related dependency. In conceptualising nyerep as a cultural asset, it becomes critical not to formalise it in ways that erode its communal authenticity. Instead, frameworks aligned with Maqashid Sharia can provide normative

legitimacy to nyerep in policy discourse, framing it not as a relic of informality, but as an ethically grounded labour ecosystem deserving institutional support. For example, local governments might recognize nyerep through cooperative charters or informal labour registries, extending access to public services, training programs, and legal protections without disrupting its rotational flexibility. Embracing Islamic ethics into informal labour governance also addresses the dual economy trap described in theoretical economics, where workers remain stuck in low-tier informal roles despite upward mobility potential. By formalizing mechanisms for savings, apprenticeships with certification, and community-based dispute resolution while retaining nyerep's adaptability the system can offer pathways toward dignified, stable livelihoods that still preserve cultural identity. Nevertheless, caution is warranted: efforts to align nyerep with Maqashid-based governance must avoid top-down imposition that undermines local agency. The interpretive methodology used in this research emphasizes participant voices and cultural self-narratives, suggesting that reforms should emerge through collaborative, bottom-up mechanisms such as labour councils, religious institutions, and artisan guilds. These bodies are well-poised to champion Maqashid-aligned reforms that maintain local

customary norms (adat) even as they interface with Islamic ethical mandates. In summary, this sub-bab positions nyerep as more than survivalistic labour provision: it is a latent cultural asset with transformative potential when evaluated and enhanced through Islamic ethical frameworks. By reconceptualizing nyerep as a normative, spiritually aligned, and socially resilient structure, this study proposes culturally coherent development models that integrate heritage, economic inclusion, and religious ethics, offering an exemplary case for sustainable, faith-informed labour policy across Muslim-majority regions.

4.4. Operationalizing Maqashid Sharia through Local Labor Practices: A Functional Analysis of Nyerep

In advancing the discourse on Islamic ethical governance in informal economies, this sub-bab critically examines how the nyerep labour system operationalizes key Maqashid Sharia objectives in daily practice. By dissecting the practical dimensions of nyerep labour access, remuneration, skill transmission, and communal solidarity, it highlights the functional alignment with Islamic ethical standards and the gaps that remain unaddressed.

Table 6. Functional Operationalization of Maqashid Sharia in the Nyerep Labor System.

Maqashid Sharia Dimension	Nyerep Practice	Operational Function	Alignment Status
Hifz al-Nafs (Protection of Life)	Open access to freelance work and flexible working hours	Secures basic livelihood and reduces unemployment barriers	Strongly aligned
Hifz al-'Aql (Protection of Intellect)	Informal skills training and knowledge transfer through mentorship	Promotes lifelong learning and cultural heritage transmission	Strongly aligned
Hifz al-Nasl (Protection of Lineage)	Family-centered employment and community-based networks	Preserves familial structures and communal identity	Moderately aligned
Hifz al-Maal (Protection of Wealth)	Cash-based income without wage standards or savings mechanisms	Provides immediate liquidity but lacks financial resilience	Partially aligned
Hifz al-Din (Protection of Faith)	Ethical labor practices grounded in trust and cooperation	Promotes Islamic values in labor relations and community conduct	Moderately aligned

First, in the dimension of hifz al-nafs (protection of life and dignity), nyerep provides immediate access to daily earnings for marginalized populations. As reflected in Table 3, three-quarters of nyerep workers are women, many of whom lack formal education or certification. Yet, the system allows them to engage in income-generating activity without barriers (e.g., flexible arrival, no formal hiring process). This practice sustains livelihoods and social dignity when formal labour markets exclude them. Community-based reciprocity and peer networks provide informal safety nets a vital

operational manifestation of the maqashid's aim to preserve human welfare. Second, regarding hifz al-'aql (protection of intellect) and hifz al-nasl (protection of lineage and heritage), nyerep integrates informal apprenticeships and intergenerational teaching of batik techniques. This cultural transmission preserves artisanal knowledge within families and neighbourhoods. Unlike standardised technical training, this learning is context-embedded, emotionally grounded, and spiritually motivated by mutual obligation (amanah). Such informal knowledge-sharing directly

supports the maqashid objectives for educational continuity and cultural integrity. Third, the economic structure of nyerep intersects with *hifz al-maal* (protection of wealth) in mixed ways. On the one hand, the system offers daily cash income, which is essential for smoothing consumption. Conversely, nearly 60 % of workers earn below local minimum wage levels (Table 3), and there is no formal mechanism for savings, health coverage, or wage security. This partial alignment reveals the fragility of wealth protection within informal settings, where consistent income, social insurance, or credit access are lacking. As Mardhiah critically argues, wage systems in Indonesia frequently fail to meet living standards, pointing to the need for maqashid alignment in labour policy (Mardhiah, 2022). Fourth, in the dimension of *hifz al-din* (protection of faith), the nyerep system embeds religious ethics implicitly in daily labour practices. The norms of *ta'awun* (cooperation), *amanah* (trustworthiness), and *mas'uliyah* (collective responsibility) operate as spiritual governance codes shaping interpersonal relations and labour agreements. While not codified legally, they carry significant weight in shaping fair exchanges and mutual support, aligning spiritual values with economic activity in line with maqashid ethos (Imam Kamaluddin *et al.*, 2024). However, a holistic operationalisation of Maqashid Sharia remains incomplete. The system lacks formal structures to ensure wage justice, equitable bargaining, or institutional recognition. Without mechanisms like cooperative associations or Sharia-compliant microfinance and insurance models, nyerep achieves partial compliance in *hifz al-nafs* and *hifz al-aql*, but fails to institutionalise wealth protection, legal equity, and formal rights (*hifz al-maal* and aspects of *hifz al-din*). In countries like Bangladesh and Morocco, informal craft villages have successfully integrated Islamic financial tools such as interest-free credit, communal savings, and cooperative micro-insurance to strengthen informal economies ethically while preserving local practices (Karim & Baset, 2020). These models demonstrate how Yanyeer if formalised sensitively could harness its cultural value while fulfilling all Maqashid objectives. To bridge the operational gaps, policy interventions grounded in Maqashid ethics could include legal recognition of nyerep through community cooperative charters, access to Islamic social finance (*zakat*-based microcredit, *waqf* endowments), and platforms for worker voice and grievance within local leadership structures. These interventions should be designed collaboratively, preserving the rotational flexibility and trust-based

norms of nyerep while reinforcing protections aligned with *Hifz al-Maal* and *Hifz al-Din* (Malik *et al.*, 2019). The nyerep system embodies a practical and partial realisation of Maqashid-aligned labour ethics: it delivers dignity, cultural continuity, and grassroots inclusion, but falls short in formalising wealth security and legal recognition. A dual approach synthesising community values with structured support mechanisms offers a model of ethical labour governance that is both transformative and rooted in local agency. In conclusion, this analysis underscores that nyerep is not merely an informal survival strategy, but a latent cultural asset that operationalises Islamic ethical principles in informal labour. To fully realise its potential, comprehensive frameworks that operationalise all five objectives of Maqashid Sharia are required, thus elevating nyerep from grassroots labour custom to a sustainable, dignified model of Islamic economic inclusion.

5. CONCLUSION

This study examined the intersection of Islamic economic ethics and informal labour dynamics through the lens of nyerep, a culturally embedded freelance labour system in Indonesia's batik industry. Drawing on the Maqashid Sharia framework, the analysis demonstrated how nyerep—despite its informal status operationalizes key Islamic principles related to protecting life, intellect, lineage, wealth, and faith. The system enables inclusive workforce absorption, supports intergenerational skill transmission, and reinforces social cohesion, particularly in contexts where formal employment remains inaccessible. While nyerep exhibits significant ethical alignment with Maqashid values, the findings also reveal structural gaps. Wage volatility, absence of institutional safeguards, and limited recognition in regulatory frameworks hinder the full realization of labour justice and economic security. These shortcomings underscore the need to move beyond moral resonance toward structural integration by embedding Islamic ethical governance into policy mechanisms, cooperative models, and localized financial tools. Theoretically, this research contributes to the underdeveloped domain of Maqashid-based labour ethics by extending its application beyond financial institutions to the lived realities of informal economic systems. Practically, it offers a culturally grounded model of workforce development rooted in Islamic ethical norms and local wisdom that may inform labour policy and social protection in similarly structured economies across Southeast Asia. Nyerep case illustrates that

informal labour practices, often dismissed as marginal or outdated, may harbour transformative potential when viewed through ethical frameworks that honour cultural specificity. By reimaging

labour governance through Maqashid Sharia, scholars and policymakers can contribute to a more inclusive, just, and spiritually anchored vision of sustainable development.

Author Contributions: Conceptualization, S.A.C. and D.N.M.; methodology, B.S.W.; software, D.N.M.; validation, S.A.C., B.S.W. and F.F.P.R.; formal analysis, M.C.M., and D.N.M.; investigation, D.N.M., and M.C.M.; resources, S.A.C.; data curation, D.N.M.; writing original draft preparation, S.A.C. and D.N.M.; writing review and editing, B.S.W. and F.F.P.R.; visualization, D.N.M.; supervision, S.A.C. and B.S.W.; project administration, S.A.C.; funding acquisition, F.F.P.R. All authors have read and agreed to the published version of the manuscript.

Acknowledgements: The authors gratefully acknowledge the financial support provided by the Ministry of Religious Affairs of the Republic of Indonesia through the Litapdimas Research Grant Scheme. Special thanks are extended to the community of batik artisans in Pekalongan who generously participated in this study, as well as to the research assistants and enumerators who contributed to data collection. Institutional support from UIN K.H. Abdurrahman Wahid Pekalongan, Universitas Sriwijaya, and Universitas Gadjah Mada is also appreciated.

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