



Original Article

SWOT Analysis of the Impact of Textile Factory Closures on Employment: A Study from an Islamic Economic Perspective

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Abstract:

This study analyzes the impact of textile factory closures on employment in Indonesia using the SWOT (Strengths, Weaknesses, Opportunities, Threats) framework integrated with the *maqāṣid al-sharī'ah* principles of Islamic economics. A descriptive qualitative method was applied, utilizing secondary data from BPS, the Ministry of Industry, and academic publications from 2018–2024. The results show that the main strengths of the textile industry lie in production capacity and labor absorption, while its weaknesses include dependence on imported raw materials and weak financial management. Opportunities arise from industrial downstream policies and local cultural-based products, whereas threats stem from global competition and economic instability. The integration of SWOT analysis with *maqāṣid al-sharī'ah* emphasizes justice, social responsibility, and workers' welfare as essential elements in ensuring the sustainability of Indonesia's textile industry.

Keywords: *textile industry, SWOT, employment, Islamic economics, maqāṣid al-sharī'ah*

Introduction

The textile and textile products (TPT) industry is one of the strategic sectors that plays an important role in Indonesia's national economy. For decades, this sector has been the backbone of non-oil and gas exports and a major employer. According to data from the Central Statistics Agency (BPS, 2024), the textile and apparel industry employs more than 3.8 million workers, or around 6.5% of the total national manufacturing workforce, with exports contributing more than USD 10 billion per year. Therefore, any shock to this sector has a significant impact on household income, socio-economic stability, and the welfare of communities in production centres.

In line with global dynamics, Indonesia's textile and apparel industry faces heavy pressure due to weakening export demand, increased import costs for raw materials, and price competition from countries such as Vietnam, Bangladesh, and China. This situation is exacerbated by the impact of the COVID-19 pandemic, which has caused



many factories to reduce production capacity or even permanently close their operations. For example, the closure of part of PT Sri Rejeki Isman Tbk (Sritex)'s production unit in Sukoharjo in 2023 resulted in thousands of workers losing their jobs due to a 40% decline in export orders ([Tempo, 2024](#)). This phenomenon is not only a business issue, but also a socio-economic crisis that directly impacts the welfare of workers' families, increases unemployment, and creates social vulnerability in local communities.

The impact of textile factory closures is not limited to economic aspects. Various studies show a ripple effect on access to food, children's education, family health, and social mobility. International studies note that more than 40% of global garment workers experienced termination of employment at the peak of the pandemic crisis ([ILO, 2023](#)). In Indonesia, a similar situation has created a wave of migration back to rural areas, a decline in household consumption, and increasing income inequality between industrial and non-industrial regions.

Given the complexity of these impacts, the Islamic economic approach offers a relevant normative and ethical framework for assessing and responding to the socio-economic consequences of factory closures. In the discourse of maqāṣid al-sharī'ah (the objectives of Sharia), contains a holistic orientation towards human welfare—covering the protection of religion (dīn), soul (nafs), intellect ('aql), offspring (nasl), and wealth (māl)—which can be translated into the principles of job protection, wage justice, and corporate social responsibility ([Kamali, 2019](#)). As explained by Kamali, maqāṣid aims 'to promote the well-being of Muslims in both this world and the hereafter,' thus becoming the ethical basis for assessing economic policies and industrial practices that affect the livelihoods of workers. This principle is in line with the words of Allah SWT in QS. At-Taubah [9]:105:

وَقُلْ أَعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَىٰ عِلْمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ

Meaning: 'And say: *Work, and Allah and His Messenger and the believers will see your work; and you will be returned to (Allah) Who knows the unseen and the visible, and He will inform you of what you have done.*' (QS. At-Taubah [9]:105).

This verse emphasises the importance of work ethic and productivity as part of worship and social responsibility. In the context of factory closures, job loss is not only an economic problem but also diminishes human dignity as 'āmil (workers) who are entitled to halal sustenance and continuity of life.

Islam also emphasises the social responsibility of employers towards workers, as stated by the Prophet ﷺ: 'Give the worker his wages before his sweat dries.' (HR. Ibn Majah, no. 2443). This hadith emphasises the principles of 'adl (justice) and mas'uliyah (social responsibility) which form the moral foundation of Islamic economics.

Thus, the concept of justice in industrial relations is not only contractual, but also spiritual and ethical. The maqāṣid approach has also developed in modern literature that maps its application in the fields of economics and business governance.

A scientometric study by [Abdullah, Hassan, & Basiruddin \(2020\)](#) shows a significant upward trend in the use of maqāṣid in research on economics, finance, and social welfare. This confirms that maqāṣid is not only a theoretical religious concept but also a practical instrument for analysing public policy and corporate social responsibility.

In addition to the maqāṣid foundation, empirical studies at the company and

workforce levels in Indonesia emphasise the importance of human resources and empowerment in reducing worker vulnerability during crises. Comparative research between Indonesia and Vietnam found that empowerment strategies, reduction of work-family conflict, and increased life satisfaction contribute to reducing the intention to quit work. Researchers concluded that ‘turnover intention could be minimised by reducing work-family conflict,’ a finding that is relevant when analysing worker vulnerability due to factory closures and mitigation options. These findings confirm that practical solutions are not only a matter of temporary financial compensation, but also managerial interventions and social policies that reduce long-term social risks.

Although there is literature on the impact of COVID-19 on the garment supply chain and studies of *maqāṣid* in Islamic economics, there is a gap in studies that combine strategic analysis (e.g. SWOT) of textile factory closures with normative assessments based on *maqāṣid* to explore employment consequences and policy recommendations oriented towards justice and welfare. A systematic SWOT analysis identifies Strengths, Weaknesses, Opportunities, and Threats, providing a structural tool to evaluate internal company factors (e.g., technological adaptability, HR policies) and external factors (e.g., global demand, trade regulations) that influence closure or restructuring decisions. Combining SWOT with the *maqāṣid* framework allows for an assessment that is not only strategic-economic but also ethical-social, so that policy recommendations can be formulated to protect the *darūriyyāt* (basic needs) of workers.

Thus, this research is necessary to document and quantify the impact of textile factory closures on employment in affected areas, identify internal and external factors driving closures through SWOT analysis, and apply the lens of *maqāṣid al-sharī‘ah* to formulate policy interventions that uphold justice, labour protection, and socio-economic reconstruction. The results of this study are expected not only to fill an academic void but also to provide a basis for operational recommendations for policymakers, industry associations, and religious/philanthropic institutions to manage a just transition for workers and communities dependent on the textile industry.

Literature Review

The phenomenon of textile factory closures in Indonesia in recent years highlights structural challenges for the national economy. This sector, which has long been one of the largest employers, is under pressure due to weakening global competitiveness, fluctuations in raw material prices, and dependence on export markets. [Widodo et al. \(2024\)](#) assert that the delay in adapting to digital technology and low production efficiency are the main causes of the weak position of the Indonesian textile industry in the international market. As a result, a number of large factories such as PT Sritex have been forced to close some of their production units, resulting in a wave of layoffs in various regions ([Tempo, 2024](#)).

This condition highlights the importance of theoretical analysis that not only highlights economic factors but also considers social and business ethics dimensions. The analytical framework used in this study is the SWOT (Strengths, Weaknesses, Opportunities, Threats) theory. According to [Rangkuti \(2019\)](#), SWOT is a systematic method for identifying internal and external factors that influence the strategic position of an organisation or sector.

In the context of the textile industry, strengths can include production capacity, experienced labour, and an extensive export network. Conversely, weaknesses include dependence on imported raw materials, low efficiency, and high corporate debt. Opportunities arise from green economy trends and industrial

digitalisation, while threats stem from global crises, regulatory changes, and intense price competition (Astuti et al., 2021; Indrasari et al., 2024).

However, conventional SWOT analyses tend to focus on material and economic efficiency dimensions. Therefore, Islamic economics offers a complementary approach that emphasises moral and social dimensions through the concept of maqāṣid al-sharī'ah. According to Al-Ghazali (in Chapra, 2016) and Jasser Auda (2021), maqāṣid emphasises the protection of the five basic elements of human life (dīn, nafs, 'aql, nasl, and māl) and encourages the application of the values of justice ('adl), balance (mīzān), and social responsibility (mas'uliyah) in economic practices. This principle provides ethical direction for business decision-making so that it does not only prioritise efficiency, but also blessings (barakah) and sustainable social welfare. In the context of employment, factory closures can be seen as a threat to ḥifẓ al-nafs and ḥifẓ al-māl, as they cause loss of livelihood and threaten the welfare of workers' families.

In the context of employment, factory closures can be seen as a threat to ḥifẓ al-nafs (protection of life) and ḥifẓ al-māl (protection of property), as they cause loss of livelihoods and threaten the welfare of workers' families. This principle is confirmed by Allah SWT in QS. Al-Hashr [59]:7:

مَا آفَاءَ اللَّهِ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَىٰ فَلِلَّهِ وَالرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ
وَالْمَسْكِينِ وَابْنِ السَّبِيلِ لَا يَكُونُ دُولَةً ۚ بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ وَمَا أَنْتُمْ بِالرَّسُولِ
فَخُذُوهُ وَمَا نَهَاكُمْ عَنْهُ فَانْتَهُوا وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ ﴿٧﴾

Meaning: "The spoils (fai') that Allah has given to His Messenger from the inhabitants of those cities are for Allah, the Messenger, the relatives (of the Messenger), the orphans, the poor, and those on the journey, so that the wealth does not circulate only among the rich among you. Whatever the Messenger gives you, accept it, and whatever he forbids you, refrain from it. And fear Allah; indeed, Allah is severe in punishment." (QS. Al-Hashr [59]:7).

This verse emphasises the importance of fair economic distribution and the prohibition of wealth monopoly. When large industries are closed down without social protection for workers, the principle of fair distribution has been violated.

In addition, Islam prohibits all forms of economic oppression (*zulm*) and exploitation of workers. In another hadith, the Prophet ﷺ said: 'Verily, Allah says: Three groups of people will be My enemies on the Day of Judgement; one of them is those who employ workers and do not pay their wages.' (HR. Bukhari, no. 2114).

This hadith emphasises that termination of employment without fair compensation is contrary to Islamic moral principles. Therefore, the SWOT analysis in this study is aimed not only at understanding economic strengths and weaknesses, but also at assessing the extent to which textile industry practices are in line with Islamic values of justice and social responsibility.

Recent studies show that the application of maqāṣid principles in corporate management can improve worker welfare and social stability. Payam (2024) found that companies that adopt the principles of justice, balance, and social responsibility have higher employee loyalty and sustainable productivity. In the case of Sritex, the application of maqāṣid can be realised through fair compensation policies, retraining of

workers, and social support for affected workers.

These measures not only reduce the economic burden but also reflect the company's moral responsibility towards the public interest. The integration of SWOT analysis and maqāṣid al-sharī'ah values results in a multidimensional approach to assessing the impact of textile factory closures on employment.

SWOT provides a strategic map for understanding the causes and opportunities for industrial restructuring, while maqāṣid provides a moral compass to ensure that business decisions remain in favour of human welfare in accordance with the words of Allah in **QS. Al-Qashash [28]:77**:

وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا وَأَحْسِنَ كَمَا
 أَحْسَنَ اللَّهُ إِلَيْكَ وَلَا تَبْغِ الْفُسَادَ فِي الْأَرْضِ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ ﴿٧٧﴾

Meaning: “And seek what Allah has bestowed upon you of the bliss of the Hereafter, and do not forget your share in this world; and do good (to others) as Allah has done good to you, and do not cause corruption on earth. Indeed, Allah does not like those who cause corruption. (QS. Al-Qashash [28]:77).

This verse forms the basis for the balance between worldly economic goals and spiritual responsibilities, which is a key characteristic of Islamic economics. Thus, this study seeks to offer a more comprehensive evaluation framework that combines economic, social, and spiritual dimensions so that Indonesia's textile industry policies can be oriented towards sustainable welfare and justice in accordance with the principles of Islamic economics.

Methods

This study uses a descriptive qualitative approach that aims to explore and understand the structural dynamics and socio-economic implications of the crisis that has hit the textile and textile product (TPT) industry in Indonesia, particularly in the context of the closure of large companies such as PT Sri Rejeki Isman Tbk (Sritex). This approach was chosen because it is suitable for examining complex phenomena that cannot be reduced to mere numbers, but rather require interpretation of the context, relationships between actors, and the institutional structures that surround them.

The data in this study was sourced from credible documents and secondary publications, including financial and annual reports of textile companies, economic news from verified online media, official reports from the Ministry of Industry and the Central Statistics Agency (BPS), as well as scientific publications and policy reports from research institutions and industry associations such as the Indonesian Textile Association (API). The data was collected through a documentation study of these sources published between 2018 and 2024. In addition, the researcher also conducted a literature review to construct a conceptual framework and understand the dynamics of industrial dependence, upstream-downstream linkages, and adaptive strategies to global disruption.

The data collection technique was carried out through content analysis, examining the narratives, quotations, and secondary quantitative data contained in various documents. The data analysis process was carried out qualitatively through three main stages. First, thematic coding was carried out to identify dominant patterns, anomalies, and structural relationships that emerged in the data.

Second, a SWOT analysis approach was used to map the strengths, weaknesses, opportunities, and threats faced by the national textile, clothing, and footwear industry in relation to Islamic economic principles. Third, critical interpretation was carried out by linking the data findings with relevant theories, such as dependency theory, industrial ecosystem theory, and literature on national industrial governance and policy. To enhance the validity of the results, this study utilised a triangulation of sources method, which involved comparing and confirming information from various official, scientific, and reliable media sources. The analysis process was conducted iteratively to ensure consistency in logic and relevance between the data, interpretation, and conclusions produced.

Results

The closure of PT Sri Rejeki Isman Tbk (Sritex), one of Indonesia's largest textile companies, is a systemic symptom that points to the weak foundations of the national textile and textile product (TPT) industry. In this situation, Sritex's failure demonstrates the accumulation of internal and external problems that have not been resolved in a strategic and sustainable manner.

In the context of layoffs, companies are obliged to provide adequate compensation and retraining opportunities so that workers can maintain their economic dignity. According to Hoerunisa et al. (2025), the efficiency and layoff policies pursued by textile companies are short-term and tend to ignore employee motivation and loyalty factors. In fact, labour is a key asset that determines the sustainability of industrial productivity. This situation highlights the need for labour management reforms based on the values of justice, sustainability, and humanity as stipulated in the principles of Islamic economics. Internally, the main factor causing companies to collapse is their inability to cope with increasing debt burdens. While declining demand during the COVID-19 pandemic increased liquidity pressures, the homologation process was hampered. Due to dependence on imported raw materials, production costs were high. As a result, businesses were unable to adapt to the drastically changing pressures of the global market.

Competition from countries with higher production efficiency, such as Vietnam, China, and Bangladesh, is an external factor that complicates the problem. Modern technology, free trade policies, and lower input costs have helped these countries build their textile industries.

In contrast, the prices of Indonesian goods have become uncompetitive due to changes in the exchange rate of the rupiah against the US dollar. In addition, due to low purchasing power, the domestic market cannot absorb excess production. From a contemporary Islamic economic perspective, the crisis experienced by Sritex can also be seen as a reflection of the weak implementation of sharia-based corporate social responsibility (CSR) principles.

In Islam, CSR is not merely a philanthropic activity, but an integral part of the balance between the interests of the company, workers, society, and the environment (*mizān*) as mentioned in QS. Ar-Rahman verses 7–9. When companies fail to maintain this balance by focusing too much on expansion and profit without regard for social sustainability, economic imbalance (*zulm*) is inevitable. Therefore, corporate strategy in Islam must be based on the values of justice (*'adl*), trustworthiness, and *ihsan*, which guarantee the sustainability of the company as well as the welfare of the community.

SWOT Analysis

1. Strengths

The presentation of research results and their discussion must be written as a single unit, after which the research data is discussed in depth with citations from relevant journal articles. This section is written in 11-point Georgia font with single spacing, left and right alignment, and paragraphs starting 7 letters from the left margin. Simple research data is explained in complete and clear sentences, while complex data is presented in tables and/or figures as needed. The creation/design of tables follows the example format. Tables are created without vertical lines (column lines) according to the format and example (example below)

According to this study, PT Sri Rejeki Isman Tbk (Sritex) is a major force in the national textile industry, which has been growing for decades. One of its main advantages is its vertically integrated production model from upstream to downstream, which includes spinning, weaving, dyeing, and garment manufacturing processes. Sritex excels over its competitors, who only control part of the production process, because this integration provides high quality control, production speed, and cost efficiency. Sritex has proven successful in penetrating the international market by shipping its goods to more than 30 countries, including the US and Europe. This success shows that the Indonesian textile industry is highly competitive globally.

Furthermore, its position as a global supplier of military uniforms shows that the quality standards of its products meet international standards. From a national perspective, the textile industry is a labour-intensive sector that absorbs a large workforce, especially in Central Java where the Sritex factory is located. This shows its important role in reducing poverty and improving community welfare.

Data also shows a positive trend from 2017 to 2019 in the performance of the national textile industry. This improvement indicates great potential for sustainable growth, resilient to obstacles such as dependence on imported raw materials and global pressures. The industry still has strategic opportunities to support the national economy and Indonesia's non-oil and gas textile exports in the future with these strengths.

From an Islamic economic perspective, this success is in line with the principles of *ihsan* (professionalism and excellence in work) and *itqan* (precision in work). The Prophet Muhammad SAW said: "Verily, Allah loves a person who, when doing a job, does it with *itqan* (accuracy, precision, and perfection) (HR. al-Baihaqi). This verse reinforces that Islam encourages its followers to work diligently, efficiently, and produce quality products, as Sritex does in managing its textile production chain professionally and measurably.

In addition, the success of textile industries such as Sritex in absorbing a large workforce is a tangible manifestation of *maqāsid al-syarī'ah*, particularly in protecting the property (*ḥifẓ al-māl*) and lives (*ḥifẓ al-nafs*) of the community. By providing jobs and income, companies help to sustain families and social welfare.

2. Weakness

Despite having a number of strategic advantages, the Indonesian textile industry, including PT Sri Rejeki Isman Tbk (Sritex), also faces quite serious structural weaknesses. One of the main problems is the company's high and uncontrolled debt burden. Dependence on long-term financing and failure to manage liquidity have caused Sritex to default on its payments, which is an indicator of the company's weak financial

risk management and cash planning. High dependence on imported raw materials, especially petroleum-based synthetic fibres, is a significant problem. This situation makes the sector highly sensitive to changes in commodity prices and exchange rates in the global market. These changes can lead to increased production costs and reduced profit margins. This dependence affects the bargaining position of the national textile industry amid increasingly fierce global competition.

Furthermore, the situation is exacerbated by the slow pace of modernisation of production technology. Many of the machines and equipment used are no longer functioning properly, resulting in reduced efficiency and increased operating costs. Competitors such as Vietnam and China have utilised automation and modern manufacturing technology, making their products more competitive in terms of price and quality. The industry's ability to develop innovations, create high value-added products, and adapt to dynamic global market trends is also limited by a lack of investment in R&D.

Limitations in retraining are also an obstacle for the industry to adapt to new technologies. A workforce that is not equipped with the latest skills finds it difficult to adapt to changes in production systems and market demands. The limited availability of high-quality human resources in the industrial sector as a whole, as well as inadequate supporting infrastructure, exacerbates this situation.

The structural weaknesses faced by PT Sri Rejeki Isman Tbk (Sritex) and the national textile industry reflect the weak implementation of the principles of trust and efficiency in resource management. In Islam, every business manager has a moral and spiritual responsibility to manage the company's assets and resources wisely so as not to cause harm (*mafsadah*). Allah SWT says: 'And do not be wasteful (with your wealth). Indeed, the wasteful are the brothers of the devils' (QS. Al-Isrā': 26–27).

The inability to manage debt and liquidity, as happened at Sritex, can be categorised as a form of wastefulness and negligence of economic trust. In the context of modern management, this is in line with the Islamic principles of *hisbah* (oversight) and *mas'uliyah* (accountability) that every financial decision must be monitored so as not to cause harm to employees, the community, or the national economy.

High dependence on foreign raw materials and conventional financial systems makes the national industry vulnerable to global market domination and exchange rate fluctuations, thereby reducing competitiveness and economic sovereignty. In Islam, the people are commanded to build industrial and domestic production independence, especially in strategic sectors such as textiles, in order to maintain the stability and welfare of the nation.

Furthermore, the lack of technological modernisation and innovative research and development (R&D) in the textile industry indicates a lack of application of the values of *ijtihad* and *tajdid* (renewal) in the context of Islamic economics. Islam highly values knowledge and innovation as means of achieving progress and the welfare of the *ummah*.

Opportunities

Despite facing structural pressures and the impact of the crisis, Indonesia's textile industry still has great opportunities to bounce back, especially through the utilisation of local cultural wealth. Products such as batik, woven fabrics, and traditional embroidery are highly attractive in the global market due to their artistic value, unique motifs, and cultural narratives.

Market trends that value sustainability and products based on local wisdom open up promising premium market niches, while supporting the growth of the MSME sector and the national creative economy.

Government policies that are increasingly proactive in supporting industrialisation provide additional opportunities. Law No. 3 of 2014 and Presidential Regulation No. 74 of 2022 demonstrate a commitment to industrial downstreaming, import substitution, and technological revitalisation. With this support, technology-based industries can develop and the domestic industrial structure can be strengthened. In addition, policies are aimed at encouraging new investment, increasing production capacity, and improving efficiency through machine modernisation programmes and fiscal incentives.

Furthermore, through training and work skills certification programmes, the government is also paying attention to improving the quality of human resources. With the help of these programmes, the industry can face the era of Industry 4.0 with a more flexible and skilled workforce. Improving human resource capabilities is an important part of the textile industry's transformation towards a more competitive, environmentally friendly, and digitally-based production system.

The opportunity for the revival of Indonesia's textile industry through the utilisation of local wisdom and the strengthening of human resources is in line with the principle of sustainable development (*tanmiah mustadāmah*), which emphasises a balance between economic, social and environmental aspects. Islam emphasises the importance of utilising resources in a fair and moderate manner.

The government's efforts to improve the quality of human resources through training and work certification are in line with the principle of **iḥsān* (professionalism and excellence in work) in Islam. The Prophet Muhammad SAW said: '*Indeed, Allah loves a person who, when doing something, does it with itqan (sincerity and professionalism).*' (HR. Thabrani)

This means that improving the skills of workers in the textile industry is not only an economic measure, but also a social act of worship that reflects Islamic values of working professionally, honestly, and responsibly for the common good. Furthermore, the development of products based on local culture, such as batik and woven fabrics, also reflects the spirit of *'urf hasan* (good tradition) recognised in Islam, as long as it does not conflict with Sharia law. Innovation in local products is a form of *istiḥsān* (the search for the best solution) in facing the challenges of globalisation without losing the moral and cultural identity of the nation.

Threats

Due to increasingly fierce global competition, the Indonesian textile industry is currently under significant pressure. The smuggling of cheap imported goods, both legal and illegal, creates unfair competition and distorts market prices. These products are often not subject to import duties as stipulated, which is detrimental to local producers, especially small and medium-sized producers. This situation not only squeezes profit margins, but also hinders the growth of the domestic textile business and increases competition across the country.

In addition, economic and geopolitical instability around the world is making the situation worse. The export performance of the textile industry is greatly influenced by external factors such as international tensions, trade conflicts, changes in raw material prices, and exchange rates. Uncertainty in long-term business planning increases when

the trade policies of partner countries change. This condition makes the national industry more vulnerable to global shocks, especially for companies that do not yet have a strong risk mitigation system.

The sector is increasingly vulnerable to major disruptions due to the COVID-19 textile pandemic. Disruptions in the supply chain, a decline in global demand, and the cessation of industrial activities have led to a decline in production and operational efficiency. One example of this real impact is the bankruptcy of PT Sritex as a result of uncontrollable debt burdens and promises to reach a settlement agreement with creditors. This case shows the systemic risks that occur in sectors that do not have good financial resilience. The impact also spreads to social aspects through mass layoffs, which threaten the welfare of employees and their families.

From an Islamic economic perspective, the practices of smuggling and unfair competition are contrary to the principles of justice ('adl) and honesty in muamalah (economic transactions). Islam strictly prohibits all forms of fraud in trade that could harm others. Allah SWT says in Surah Al-Muthaffifin verses 1–3: *'Woe to those who cheat, (namely) those who, when they receive a measure from others, demand that it be full, but when they measure or weigh for others, they reduce it.'* (QS. Al-Muthaffifin: 1–3)

This verse emphasises that fraud, including smuggling and price dumping, is a form of economic injustice that disrupts the market order and eliminates the blessings of trade. In the context of the textile industry, these practices put pressure on local producers who work in a halal manner and disrupt the market balance (mīzān), which is an important principle in Islam.

Furthermore, global economic and geopolitical instability demands a strong economic resilience system based on Islamic values, namely the principles of ta'āwun (mutual assistance) and ukhuwwah iqtisādiyyah (economic solidarity). In this case, Islam encourages cooperation between business actors, Islamic financial institutions, and the government to strengthen the industrial sector through halal and ethical investments, not speculative (gharar) or usurious debt-based investments.

This situation emphasises the need for hisbah (market supervision) and fair regulation from the government (ulil amri) to protect local producers, prevent smuggling, and ensure the welfare of workers. With a transparent and fair system, the textile industry can grow within a framework of halal economics and social justice, not only for worldly gains, but also to obtain blessings and benefits for the people.

Conclusion

The results of the study show that the closure of textile factories such as PT Sri Rejeki Isman Tbk (Sritex) is the result of a combination of complex internal and external factors. Internally, weak financial management, dependence on imported raw materials, and low technological efficiency are the main causes of weakened competitiveness.

Externally, global competitive pressures, exchange rate fluctuations, and the influx of cheap imported products further exacerbated the condition of the national industry. From an Islamic economic perspective, this condition reflects a lack of application of the principles of justice ('adl), social responsibility (mas'uliyah), and balance (mīzān) in corporate governance.

The principle of maqāṣid al-sharī'ah emphasises the importance of protecting the lives (ḥifẓ al-nafs) and property (ḥifẓ al-māl) of workers through fair

compensation policies, retraining of workers, and sustainable social protection mechanisms.

A SWOT analysis combined with Islamic values provides a strategic and ethical framework for assessing industrial policy. This study recommends that the government strengthen labour protection regulations, increase supervision of unfair market practices, and accelerate technological modernisation through halal-based investment. Theoretically, this study expands the application of SWOT in the perspective of Islamic economics, while in practice, the results can form the basis for industrial reconstruction policies oriented towards social justice, economic independence, and the welfare of the people.

Suggestions

This research highlights the critical need for sustainable policy measures to address the impacts of textile factory closures on employment in Indonesia. It is essential for both government and industry leaders to integrate strategic planning based on SWOT analysis and maqāsid al-sharī‘ah principles to ensure a just transition for workers affected by factory shutdowns. Policies must prioritize workers' welfare, job protection, and equitable compensation in line with Islamic economic ethics. Additionally, fostering innovation and local cultural-based industries can provide new opportunities for growth and resilience in the textile sector. Finally, it is vital to enhance the regulatory framework to combat unfair competition and strengthen the long-term competitiveness of Indonesia's textile industry.

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