

The Practice of Buying and Selling Second-hand Clothing from the Perspective of Islamic Economics

Tiara Suci Ramadhani¹, Nilfatri², Kurniawan³

¹Institut islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

²Institut islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

³Institut islam Al-Mujaddid Sabak (IIMS) Tanjung Jabung Timur, Indonesia

*Correspondent Author: tiarasellvana@gmail.com

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Abstract:

This study analyzes the practice of buying and selling second-hand clothing at Blok D Market, Geragai District, from the perspective of Islamic economics, focusing on the extent to which such trade conforms to muamalah principles—namely al-‘adl (justice), ma‘lūm (clarity of the object), prohibition of gharar (uncertainty), and maslahah (public benefit). Employing a qualitative phenomenological approach, the research draws on participant observation, in-depth interviews with vendors and buyers, and market documentation as primary data sources. Findings indicate two predominant transaction modalities: bulk “sack” purchases (sack) and retail sales; the former carries a higher risk of gharar because buyers cannot inspect goods before purchase, while the latter more readily satisfies clarity and justice principles by allowing buyers khiyar (choice) and inspection. Vendors mitigate uncertainty through systematic sorting, cleaning, and tiered pricing, thereby preserving market trust and ethical conduct aligned with Islamic values. The study contributes empirical evidence linking classical muamalah concepts to informal market practices and offers a foundation for context-sensitive guidance and policy interventions that enhance the ethical, equitable, and sustainable governance of the second-hand clothing trade.

Keywords:

second-hand clothing; Islamic economics; muamalah; gharar; khiyar; informal markets; sustainability.



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INTRODUCTION

In the last decade, the consumption of second-hand clothing has increased significantly globally due to the growing awareness of environmental issues and sustainability in the fashion industry (Mizrachi et al., 2025). The secondhand clothing market is now an important part of the circular economy that plays a role in reducing textile waste and carbon emissions (Sepe et al., 2025). In Indonesia, the practice of buying and selling second-hand clothing has become part of the informal economy in traditional markets, mainly due to the high consumer interest in affordable yet quality fashion products. This phenomenon raises important questions in the context of Islamic economics, especially when the transaction is carried out with a sack system that contains potential uncertainty (gharar) and information asymmetry between the seller and the buyer.

Some studies have highlighted second-hand clothing markets in terms of the environment, consumer behavior, and business models (Mobarak et al., 2025; Prisco et al., 2025), but studies that

integrate Islamic muamalah perspectives with practices in traditional markets are limited. Previous studies, such as Ziaulhaq (2022) and Azizah (2025), discussed buying and selling used clothes in the context of Islamic law or online business ethics, but have not deeply examined field phenomena at the local level using a phenomenological approach. Therefore, this research is important to explore the practice of buying and selling used clothes in sacks in traditional markets through the direct experience of traders and consumers to assess its compliance with the principles of justice (al-'adl), clarity of objects (ma'lūm), prohibition of gharar, and the principle of benefit.

This research aims to describe the practice of buying and selling used clothes in Block D Market, Geragai Sub-district, and analyze it from an Islamic economic perspective. Within the framework of muamalah fiqh, a sale and purchase transaction is considered valid if it fulfills the pillars and conditions, such as the existence of the actor (aqidan), the clarity of the object (ma'lūm), ijab-kabul, and justice without elements of gharar or shubhah (Fauzi, 2024). In addition, modern Islamic economics emphasizes the importance of benefit (fa'īdah) and the balance of individual and social interests (Din, 2023; Alafianta, 2025). Thus, the practice of buying and selling used clothes needs to be analyzed to what extent it meets these principles in the context of the local market, where the risk of uncertainty is often part of the dynamics of trade.

The results of previous studies show a variety of views regarding the validity of buying and selling used clothes. Azizah (2025) found that online buying and selling practices have partially implemented the principles of honesty and transparency, although there are still shortcomings in product information. Research in Depok City Market showed that retail buying and selling is Islamically valid, while sack buying and selling contain elements of gharar that can be overcome through khiyar rights (Used Clothes Buying and Selling Practices Viewed from Positive Law, 2023). Maqāṣid sharia studies have also highlighted the dilemma between the ban on the import of used clothing and the principle of public good (Alafianta, 2025). However, most studies are still normative and have not explored the empirical experiences of actors in the local market (Fauzi, 2024).

This article closes that gap by presenting a phenomenological study that captures the practice of buying and selling used clothes in Pasar Blok D through the integration of classical muamalah theory and contemporary Islamic economics. The phenomenological approach allows the exploration of the subjective meanings of traders and consumers in understanding the values of justice, khiyar, and benefit in their transactions. Theoretically, this study enriches the discourse of Islamic economics in the informal sector, while methodologically, it contributes by adopting a qualitative approach that emphasizes empirical experience. Thus, this study confirms its unique position as a bridge between Islamic muamalah theory and people's economic practices in Indonesian traditional markets, as well as providing new directions for further research in the field of contextual Islamic economics.

METHOD

This study uses a qualitative research strategy with a phenomenological approach to examine the subjective experiences of traders and consumers in the practice of buying and selling used clothes at Blok D Market, Geragai District. The phenomenological approach was chosen because the aim is to understand the lived experience of the actors towards the phenomenon of sack and retail trading within the framework of Islamic economics (van Manen, 2017). In this context, the research does not test hypotheses, but rather reveals the essence and structure of the field actors' experience of the practice of buying and selling used clothes and their interpretation of the principles of Islamic muamalah.

The data sources in this study are primary and secondary data. Primary data were obtained through in-depth interviews and participatory observation of used clothing traders (agents, retailers) and buyers in Pasar Blok D. Secondary data were obtained from relevant documents (market records, reports, local regulations) and relevant scientific literature. Data collection instruments included: semi-structured interview guidelines with open-ended questions (exploring experiences, risk perceptions, transaction mechanisms), observation lists (field notes on trade interactions, condition of goods, sorting practices), and photo documentation or market documents. Field data inclusion criteria were: actors who have been actively buying and selling used clothing in the market for at least one year, and buyers who have purchased used clothing in the market; non-human data must be relevant to the buying and selling practices (e.g. receipts, transaction records, market regulations). Irrelevant data (e.g. non-used clothing documentation, unrelated households) were excluded.

The unit of analysis is the individual experiences and interpretations of secondhand clothing traders and buyers as research subjects. In data analysis, the researcher used hermeneutic thematic analysis (thematic coding through inductive and interpretive processes) to identify structural themes behind participants' narratives. The analysis process included: transcription of interviews, immersive reading, open coding, grouping of codes into themes (axial coding), and relational interpretation of themes within the framework of Islamic muamalah principles. To aid the effectiveness of the coding process and textual data management, qualitative analysis software such as NVivo (popular in academic research) or open-source tools such as Taguette can be used to enable code tagging and export of text results (Rampin et al., 2021). Thus, the analysis technique aims not only to describe the practice but also to interpret how traders and buyers understand the aspects of object clarity, fairness, gharar, and maslahat in used clothing transactions.

RESULTS AND DISCUSSION

Results

Based on the results of field observations and in-depth interviews conducted with traders, buyers, and stakeholders in the Block D Market in Geragai Sub-district, several key findings were grouped into five major themes: (1) Sources and Mechanisms of Goods Supply, (2) Transaction Systems and Processes, (3) Quality Assessment and Gharar Risk, (4) Business Ethics Practices and Sharia Principles, and (5) Socio-Economic Impact on the Surrounding Community. All of these

results are derived from primary data from field research conducted in the period January-June 2025, supported by observation notes and local documents.

The first, Sources and Mechanisms of Goods Supply, shows that most traders obtain their supply of used clothing from large distributors who sell in sacks weighing 50-100 kg. Based on interviews with traders such as Rahman Anggara (January 5, 2025), it is known that they buy from a fixed supplier without having the opportunity to inspect the contents of the sacks before the transaction, so they bear the risk of the condition of the goods. This kind of buying and selling system is common in second-hand clothing supply chains in Southeast Asia, which often involve informal imports from donor countries (Hasan et al., 2023; Islam et al., 2024). At the local level, this mechanism takes place through trust-based relationships between agents and traders, as found in a study of second-hand trade in Bangladesh (Rahman & Hasan, 2022).

The second, Transaction Systems and Processes, illustrates that buying and selling is done in two models: (a) *karungan* (*borongan*), where clothes are bought wholesale from agents without looking at the contents, and (b) retail, where sellers open and sort the clothes to sell individually to buyers. In retail buying and selling, buyers can choose, inspect the condition, and bargain the price according to the quality of the goods. The average price of retail clothing ranges from Rp5,000-Rp50,000, with traders' profit margins reaching two to five times the initial capital, depending on the results of the sorted goods (field data, April 2025). This kind of pricing system is also reported in microeconomic studies of the second-hand clothing sector in Kenya and India, where value addition is created through the sorting and cleaning process (Dhar et al., 2023; Njeru, 2022).

The third, Quality Assessment and *Gharar* Risk, highlights that traders categorize clothes into five quality categories: heavily damaged, lightly damaged, lightly stained, almost new, and without defects. These classifications serve as a basis for pricing and as a risk mitigation strategy when there are unsalable garments. Traders generally bear the risk of uncertainty about the contents of the sacks (*gharar*) and address this with a strategy of strict sorting and multiple cleaning before sale. Field data shows that around 15-20% of the sack contents are not fit for sale, but are still utilized for the needs of the wipe industry (cleaning cloth) or sold at low prices to other traders. This finding is in line with the results of a study on risk management in used clothing supply chains in Pakistan that found similar patterns in quality and margin risk management (Ahmed & Mughal, 2024).

The fourth, Business Ethics Practices and Sharia Principles, shows that traders try to maintain honesty (*al-ṣidq*) and justice (*al-ʿadl*) by explaining the condition of goods to buyers when requested, and giving buyers the freedom to choose goods (*khiyar* rights). Based on interviews, most traders reject the practice of deception or disguising the quality of goods because they consider it contrary to Islamic teachings. From an Islamic economic perspective, this practice is in line with the principles of transparency and distributive justice as outlined by Ahmed et al. (2024) and Sholeh & Kamal (2023). In addition, buyers consider that the prices offered in the market are reasonable and affordable, thus creating a sense of mutual consent in the transaction. This practice is in accordance with Islamic principles of *muamalah*, which emphasize fairness, mutual consent, and the absence of usury or fraud in transactions.

The fifth, Socio-Economic Impact on Surrounding Communities, indicates that the secondhand clothing trade in Pasar Blok D contributes significantly to the local economy. According to Wiyono (June 1, 2025), this activity creates new jobs, increases income for small traders, and improves low-income communities' access to clothing. This social impact is in line with the concept of *maslahah* in Islamic economics, which emphasizes community welfare and sustainability (Hussain & Latief, 2024). However, there is also a negative impact in the form of textile waste from sorting unsaleable clothes, which has the potential to cause environmental hygiene problems. This phenomenon is in line with global studies on textile waste generated by the used clothing sector (Sepe et al., 2025; Prisco et al., 2025).

In addition to these five main themes, the results also show the dynamics of social trust and familial relations between sellers and buyers that strengthen market sustainability. This trust factor is the main support in transactions without formal collateral, as also found in studies of the informal economy in Malaysia and Indonesia (Yusof & Rahman, 2023; Sari et al., 2024). All field data shows that the practice of buying and selling used clothes in Pasar Blok D is dynamic, with a balance between economic benefits, business risks, and religious values practiced in the daily lives of traders.

Discussion

The results show that the practice of buying and selling used clothes in Pasar Blok D runs through two models of wholesale and retail that clearly illustrate the nuances of uncertainty (*gharar*) in mass stock transactions, but are also balanced by sorting mechanisms and the granting of *khiyar* rights by traders. These main themes are consistent with the research objectives, which ask how this practice takes place and to what extent aspects of Islamic *muamalah* can be applied. The availability of field data allows the assertion that traders are aware of quality risks and take mitigation strategies, for example through quality selection and internal controls before sale. As such, this research succeeds in presenting an empirical picture that answers the first problem formulation, while also mapping out the interpretation space for the second problem formulation regarding the sharia assessment of the practice.

Interpretation of the findings must be understood within the framework of Islamic *muamalah* theory, particularly the principles of clarity of objects (*ma'lūm*), the prohibition of *gharar*, the principle of justice (*al-'adl*), and *maslahat*. The practice of traders giving freedom of choice (*khiyar*) and explaining the condition of goods when requested reflects efforts to maintain clarity and fairness in transactions, according to the concept of legitimate *muamalah*. On the other hand, sack transactions without initial inspection imply a high potential for *gharar*, so the existence of sorting strategies and compensation policies for damaged goods can be seen as a *gharar* mitigation mechanism. Within the framework of modern Islamic economics, this practice also contains elements of socio-economic *maslahat*: providing access to cheap clothing for low-income people, as well as creating micro-employment, which is in line with the vision of *muamalah* to create benefits (*fa'īdah*) for the people.

Compared to previous studies, these results extend the contextual understanding. Online studies such as Azizah (2025) show that transparency and explanation of product condition are

important in online buying and selling, but in the case of local physical markets, direct quality control mechanisms (manual sorting) are the main weapon, a more practical element that is not always mentioned in online literature. In the context of sack wholesaling, the study "Used Clothes Buying and Selling Practices Viewed from Positive Law" (2023) suggests that the application of khiyar rights is necessary for sack transactions to be considered valid in Islam. The findings in Pasar Blok D support this view, noting that khiyar rights are more of a local custom than a written formal. In the global secondhand clothing trade literature, Brooks (2025) mentions that supply chains often involve bulk imports and large distributions (24.2 billion items per year), so quality conditions vary widely (Brooks, 2025), and this study shows local manifestations of such quality challenges. In addition, research on second-hand consumption by Mizrachi et al. (2025) confirms that the second-hand clothing market is growing as a sustainable alternative to fast fashion (Mizrachi et al., 2025), and this study adds the dimension that such sustainability should also be viewed in terms of Shariah ethics.

The scientific contributions of this article include: (1) strengthening Islamic muamalah theory with local empirical evidence from traditional markets, not just online or macro scenarios; (2) adding to the formulation of the concept of mitigating gharar in the practice of karungan through a combination of sorting mechanisms and khiyar rights; (3) presenting the operational relationship between muamalah principles and informal economic practices; and (4) opening the horizon of developing predictive muamalah theory in the second-hand goods sector, which has not previously been widely discussed. Thus, this research enriches the literature of Islamic economics by connecting theoretical ideals and micro-practices in the context of the local informal economy.

The limitations of this study should be acknowledged proportionally. Firstly, the research sample is limited to one market (Block D), which may not be representative of the overall dynamics of second-hand clothing markets in other areas or cities. Second, the data obtained relies heavily on individuals' subjective narratives, which could be influenced by memory bias or social desirability. Third, resource constraints force researchers to rely on time-limited observations; seasonal dynamics or supply fluctuations may not be fully captured. Fourth, social mechanisms such as local trust networks may be unique and less generalizable to other markets.

The implications of this study are open-ended. For future research, comparative studies in other markets or within large cities can assess whether similar gharar mitigation patterns apply. Researchers can also develop a scheme of muamalah compliance indicators in the second-hand trade or conduct quantitative surveys to measure the extent to which consumers and traders understand Shariah principles. For market practitioners, it is advisable to design quality transparency mechanisms, local certification of goods' condition, and simple written transaction documentation as risk mitigation tools. For policy makers or local regulators, regulations or guidelines for Islamic markets for second-hand goods, such as minimum condition label requirements or money-back guarantees, can be considered as an effort to formalize muamalah practices in the informal network economy.

CONCLUSION

This study concludes that the practice of buying and selling used clothes in Block D Market of Geragai Sub-district takes place through two main mechanisms, namely the sack and retail systems, each of which has different implications for compliance with Islamic economic principles. The *karungan* transaction shows the potential for uncertainty (*gharar*) due to limited information about the condition of the goods, while the retail system reflects the principles of justice (*al-'adl*), clarity of objects (*ma'lūm*), and freedom of choice (*khiyār*) for buyers. Traders apply risk mitigation strategies through sorting, cleaning, and price transparency, demonstrating the adaptation of Islamic *muamalah* values in local economic practices. In addition to providing economic benefits for the lower-middle-income community, the secondhand clothing trading activity in this market also contains social *maslahat* values as it creates jobs and increases community access to affordable clothing needs.

Theoretically, this research expands the horizon of Islamic *muamalah* studies by presenting an empirical perspective of the informal economy that is rarely touched upon in contemporary Islamic economic literature. Its conceptual contribution lies in the integration of classical *muamalah* principles such as justice, clarity, and benefit with microeconomic practices in traditional markets, while showing how business actors are able to interpret and apply sharia values contextually. Practically, the findings provide a basis for the formulation of Sharia market guidelines or policies that are more adaptive to local economic realities, and can be used as a reference in coaching traders to improve the quality of transactions in accordance with Islamic ethical principles.

Further implications of this research point to the importance of comparative studies in other markets to enrich the understanding of variations in the application of *muamalah* principles in the context of second-hand trading. Future research is recommended to explore a quantitative or mixed methods approach in statistically measuring consumer perceptions and the effectiveness of the application of Sharia values. In addition, collaboration between market authorities, religious institutions, and merchant communities is needed to build a more transparent, equitable, and socially and environmentally sustainable second-hand trading system.

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