

Islamic Philanthropy (*Zakat and Waqf*) As A Form of Economic Crisis Management

Nur Khayin Muhdlor

Universitas Nahdatul Ulama Indonesia

hayyin@unusia.ac.id

Abstract

The purpose of this study is to describe the practice of Islamic Philanthropy, especially in the field of zakat and waqf. The next objective is to analyze the correspondence of phenomenon of Islamic philanthropy, especially in the field of zakat and waqf, with the problem of the economic crisis. The method used in this research is descriptive qualitative. The data collection technique used the literature study method, called the study of documentation. Data analysis in this study used qualitative analysis and then draws conclusions using the deduction method. The result of this study indicate that the practice of philanthropy is a form of human's love expression for others which is implemented by giving, both material and non-material to those in need. Etymologically, philanthropy consists of two Greek words, philia (love) and anthrophos (human), which in general can be interpreted as a form of love for fellow human beings. There are four dimensions of Islamic philanthropy, called zakat, infaq, sadakah, and waqf, but this study focuses on zakat and waqf. Zakat itself is the expenditure of part of the property according to sharia rules and is distributed collectively to the poor, while waqf is the expenditure of part of the property with the purpose of increasing the productivity of the people. With these two practices, the economic crisis is likely to be overcome to some extent.

Keywords

Islamic philanthropy; zakat; waqf; economic crisis



I. Introduction

Islamic Philanthropy is a practice that has existed since ancient times, namely since the time of the Prophet Muhammad around 15 centuries ago. Islamic philanthropy is a practice that has existed since ancient times, namely since the time of the Prophet Muhammad around 15 centuries ago. This Islamic philanthropy operates on the basis of theology and sharia derived from Islamic teachings. In this practice of Islamic philanthropy, the teachings of Islam do not stop at rituals alone, but also move at a horizontal level. Islamic philanthropy in this context can be considered as the implementation of the *habluminannas* command. Makhrus (2018) explained that Islam as a religion that is *rahmatan lil alamin* gives many views to all humans. In the economic field, Islam does not position the materialist aspect as the goal of the process of economic activity. Therefore, the achievement and goal of economics in Islam is the achievement of *falah*. If these goals are not balanced, there will be many consequences such as social inequality, manipulation and poverty.

Imbalances in relation to poverty can be resolved through generosity or philanthropy. This philanthropic activism is usually manifested in forms such as charity, mentoring, community empowerment, and others.

In addition, Amar (2017: 11-12) states that philanthropy is a conceptualization of the practice of giving, services, and associations voluntarily to help other parties in need as a form of expression of love for fellow human beings. In Islam, philanthropy manifests itself in the form of zakat, infaq, alms, and waqf and occupies a strategic position that reflects the existence of a balance point in the implementation of Islamic teachings.

Makhrus (2018) conveyed that the community empowerment program carried out by Islamic philanthropic institutions essentially aims to empower two objects, namely donors/muzakki and mustahik/dhuafa. Empowerment for muzakki is to provide easy access to donations, to obtain information, program implementation reports, and services for donors, so that muzakki feel comfortable and empowered by the assets they distribute. Organization must have a goal to be achieved by the organizational members (Niati et al., 2021). The success of leadership is partly determined by the ability of leaders to develop their organizational culture. (Arif, 2019).

Thus, the existence of this philanthropic practice is so important in economic distribution that it is able to shorten the distance between economic disparities and low purchasing power, so that domestic spending power can be built and economic crises are less likely to occur due to bottom-up efforts. Through this review, research on Islamic philanthropy, particularly the dimensions of zakat and waqf as a form of overcoming the economic crisis, is important to do.

1.2 The Formulation of Problems

There are two problems raised in this study. The first is how the practice of Islamic philanthropy exists and develops, especially in Indonesia, and the second is how the correspondence or relevance of Islamic philanthropy is as a form of overcoming the phenomenon of the economic crisis through zakat and waqf.

II. Review of Literature

Ibrahim (2008) stated that the word 'philanthropy' (English: philanthropy) was an unknown term in early Islam, although recently a number of Arabic terms have been used as equivalents. Philanthropy is sometimes called *al-'ata' al-ijtima'i* (social giving), and sometimes called *al-takaful al-insani* (human solidarity) or *'ata khayri* (gift for good). However, terms such as *al-birr* (good deeds) or *as-sadaqah* (alms) are also used. There are several forms of philanthropy in Islam. Some of these forms are zakat, infaq, alms, and waqf. However, in this study the forms adopted are zakat and waqf.

Saripudin (2016) revealed that the development of studies and discussions on *zakat* in Indonesia has entered a new phase after the enactment of Law No. 38 of 1999 concerning Management of Zakat. In the law, zakat is defined as property that must be set aside by a Muslim or a body owned by a Muslim in accordance with religious provisions to be given to those who are entitled to receive it. Thus, the economic crisis marked by an increase in the number of people living below the poverty line can be helped.

Some of the characteristics of an economic crisis are rising inflation, large inflows of foreign capital, concentration of capital, and the like. Karmeli and Fatimah (2008) explain the social impacts of the economic crisis are:

- a. Relatively controlled inflation becomes hyperinflation;
- b. The entry of foreign capital in large amounts to the exit and flight of large amounts of capital;
- c. The unemployment rate is very high;
- d. The number of people living below the poverty line has increased dramatically;

- e. The number of children dropping out of school increased dramatically;
- f. Crime is on the rise and many more social dislocations are in high intensity.

III. Research Method

The research method used in this research is descriptive qualitative research. This method was chosen because of the consideration that the object of study is dynamic and developing. The data collection technique used is literature study, where the authors collect books, journals, and other references that relevant to the research and then review them. The analytical method used in this research is qualitative analysis by drawing conclusions deductively from the data obtained from the literature study and then discussing it comprehensively.

IV. Result and Discussion

Philanthropy is a form of expression of human love for each other which is implemented by giving, both material and non-material to those in need. Etymologically, philanthropy consists of two Greek words, namely *philia* (love) and *anthrophos* (humans), which in general can be interpreted as a form of love for fellow human beings. Furthermore, Ibrahim (2008) argues that the word 'philanthropy' (English: philanthropy) was an unknown term in the early days of Islam, although recently a number of Arabic terms have been used as equivalents. Philanthropy is sometimes called *al-'ata' al-ijtima'i* (social giving), and sometimes called *al-takaful al-insani* (human solidarity) or it can be *'ata khayri* (gift for good). However, terms such as *al-birr* (good deeds) and *as-sadaqah* (alms) are also frequently used.

Historically, philanthropy has been practiced by many parties who have high concern for others who are relatively disadvantaged, especially economically, so that many humanitarian institutions have been formed that work to alleviate, for example, poverty by volunteering. There are several forms of philanthropy in Islam. Some of these forms are zakat, infaq, alms, and waqf. However, in this study the forms adopted are *zakat* and *waqf*.

Zakat is a major element in fiscal policy in Islamic economics. *Zakat* funds were the main and most important source of state revenue in the early days of Islamic rule. In several verses of the Qur'an, zakat is often equated with the obligation to pray. This case is based on zakat which is also one of the five things that must be done by a Muslim. In HR. Bukhari and Muslim narrated that the Prophet Muhammad SAW said, "Islam is built on five things: testifying that there is no God worthy of worship but Allah and Muhammad are the messenger of Allah, performing prayers, paying zakat, going to Hajj for those who can afford it, and fasting in the month of Ramadan. Ramadan". While *waqf* is a *wafik* legal act carried out by someone who separates part of his property to be used for worship and/or public purposes in accordance with sharia rules.

Islamic philanthropy, especially in the dimensions of zakat and waqf, has a major contribution to the stability of a country's economy. This is because zakat in particular has an institution that manages it in a systematic and organized manner, thereby increasing the percentage of accurate allocation of funds. This allocation of funds can in turn increase the purchasing power of the people, especially Muslims, so that the wheels of the economy can move and the economic crisis can be overcome to a certain extent.

Saripudin (2016) explains that *zakat*, *infaq*, and *alms* are instruments of distribution justice in Islamic economics. If managed properly and professionally, this large potential of zakat funds will have a significant impact on the Indonesian economy. A good

distribution of zakat will increase people's purchasing power and cause income distribution, so as to minimize the gaps that occur in society. *Zakat* and *alms* are present in an effort to overcome poverty through income distribution and distribution of property. Zakat is also used in the framework of long-term investment in order to improve the non-economic aspects of the poor, such as health, education, and employment.

Especially for zakat, Hafidhuddin (2012) explains the wisdom and benefits, namely:

- a. As an embodiment of faith in Allah SWT, being grateful for His blessings, growing noble character with a high sense of humanity;
- b. assisting and fostering *mustahik*, especially the poor, towards a better and more prosperous life, so that they can fulfill their needs properly and can worship Allah SWT;
- c. as a pillar of mutual charity between rich people who are well off and the mujahid, as well as being one of the concrete forms of social security prescribed by Islamic teachings;
- d. as a source of funds for the construction of Muslim facilities and infrastructure;
- e. to promote correct business ethics, because *zakat* is not cleaning dirty assets, but removing part of the rights of others from our assets that we work well and correctly;
- f. is one of the instruments for equal distribution of income; and
- g. encourage Muslims to be able to work and do business so that they have wealth for worship.

Considering some of the points above, although zakat has an active contribution in overcoming the economic crisis, zakat in essence is not merely a materialistic worldly economic process, but because of the foundations of *ukhrawi*. Suprayitno et al (2013) in Saripudin (2016) stated that zakat is not an activity solely for worldly purposes, such as income distribution, economic stability, and others, but also has implications for life in the hereafter.

To be distributed properly, zakat requires a professional manager. Linge (2015) provides an example that specifically in economic matters, philanthropic institutions in several Muslim countries have experienced good development. An example is Malaysia. The management of funds from Islamic philanthropic activities in Malaysia itself is under the supervision of the Islamic Religious Council in each state with a total of 14 units. Meanwhile, the Zakat Collection Center (PPZ) is under the supervision of the Islamic Religious Council of the Kuala Lumpur Federal Territory (MAIWP). Each Islamic Religious Council has employees from Islamic institutions.

The management of funds sourced from philanthropic activities in Islam in Malaysia is under the direct supervision of the Islamic Religious Councils in each state, totaling 14 units. The Zakat Collection Center (PPZ) is under the Islamic Religious Council of the Kuala Lumpur Federal Territory (MAIWP). Each Islamic Religious Council has employees from the Islamic religious office.

In relation to being an instrument for overcoming the economic crisis, one form of Islamic philanthropy is waqf. Sabiq (1971) explains that according to scholars, there are two types of waqf, first is expert *waqf* (special) and second is *khairi waqf* (general). Expert *waqf* is also called family *waqf* or special *waqf*. That is, waqf is shown to certain people, both to the family and to other parties. Expert *waqf* is sometimes referred to as *waqf 'alal aulad*, namely waqf intended for the interests and social security of the family environment, the family environment itself.

Rahman (2009) explained that the discussion of waqf has developed in line with the demands of changing times. Classic *waqf* studies to the latest innovations that exist in connection with the development of *waqf*. In the last centuries, the instinct of *waqf* studies

has led to a more double-prosperous endowment. In addition to the positive value of the form of the waqf object itself, there is a demand for the productivity of the *waqf* object so that it can support the welfare of Muslims from an economic perspective. More concretely, *waqf* leads to money that has more tangible productivity, because it is able to become an effective investment instrument.

However, waqf does not have to be in the form of money. The part that needs to be underlined is “productivity”. In other words, the *waqf* object must be managed in an investative and futuristic way, and can provide continuous income. *Waqf* objects should be a starting point for further empowerment of Muslims with the consequences of responsible management of the recipient.

In relation to overcoming the economic crisis, *waqf* can help reduce the increase in the unemployment rate, because waqf can take the form of capital for the people to open a business unit, which thus requires manpower. In addition, *waqf* in the form of *pesantren* or educational institutions can reduce the rate of children dropping out of school. Waqf which in turn provides income and can prosper the people will in parallel suppress the rate of increase in crime which is mostly produced by poverty.

Kasdi (2016) said that the potential for Islamic philanthropy is very large in the form of the generosity of Muslims through *zakat*, *infaq*, *sadaqah*, and *waqf*. From the survey results obtained information that almost all Indonesian Muslims, namely 99% have donated. In line with the spirit of Muslim philanthropy, Islamic philanthropy in Indonesia has also experienced significant development, this can be seen from the increase in the spirit of community philanthropy which departs from the reconstruction of the vision and mission of the world of Islamic philanthropy. Islamic philanthropy with this new paradigm moves more creatively and innovatively.

Thus, *zakat* and *waqf* are one form of overcoming the economic crisis. First, *zakat* is a form of collectivity and social solidarity with systematic management to distribute wealth, thereby increasing purchasing power and shortening the gap in economic inequality. Meanwhile, waqf is a benevolent attitude from the haves to give part of their wealth to support the improvement of the welfare of the people with investment considerations of sharia.

V. Conclusion

Islamic philanthropy as a manifestation of the *habluminannas* attitude of Muslims is efforts made on a voluntary basis to help those in need. There are four dimensions of Islamic philanthropy, namely *zakat*, *infaq*, *sadaqah*, and *waqf*, but this study focuses on *zakat* and *waqf*. *Zakat* itself is the expenditure of part of the property according to sharia rules and is distributed collectively to the poor, while *waqf* is the expenditure of part of the property with the purpose of increasing the productivity of the people. With these two practices, the economic crisis is likely to be overcome to some extent.

References

- Amar, Faozan, (2017), "Implementasi Filantropi Islam di Indonesia". Al-Urban: Jurnal Ekonomi Syariah dan Filantropi Islam, Vol. 1 No. 1, 2017, pp. 1-14. Available in DOI: 10.22236/alurban_vol1/is1pp1-14
- Arif, S. (2019). Influence of Leadership, Organizational Culture, Work Motivation, and Job Satisfaction of Performance Principles of Senior High School in Medan City. Budapest International Research and Critics Institute-Journal (BIRCI-Journal). P.

- Hafidhuddin, Didin, (2002), "Zakat dalam Perekonomian Modern". Gema Insani Press: Jakarta.
- Ibrahim, Barbara, (2008), "From Charity to Social Change: Trends in Arab Philanthropy". American University in Cairo Press: Kairo.
- Karmeli, Elly dan Siti Fatimah, (2008), "Krisis Ekonomi Indonesia". Journal of Indonesian Applied Economics, Vol. 2 No. 2, October 2008, pp. 164-173.
- Kasdi, Abdurrohman, (2016), "Filantropi Islam untuk Pemberdayaan Umat (Model Pemberdayaan ZISWAF di BMT Se-Kabupaten Demak)". Iqtishadia, Vol. 9 No. 2, 2016, pp. 227-245.
- Linge, Abdiansyah, (2015), "Filantropi Islam sebagai Instrumen Keadilan Ekonomi". Jurnal Perspektif Ekonomi Darussalam, Vol. 1 No. 2, 2015, pp. 154-171.
- Makhrus, (2018), "Dinamika dan Aktivisme Filantropi Islam dalam Pemberdayaan Masyarakat". Litera: Yogyakarta.
- Niati, D. R., Siregar, Z. M. E., & Prayoga, Y. (2021). The Effect of Training on Work Performance and Career Development: The Role of Motivation as Intervening Variable. Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences, 4(2), 2385–2393. <https://doi.org/10.33258/birci.v4i2.1940>
- Rahman, Muh. Fudhail, (2009), "Wakaf dalam Islam". Al-Iqtishad, Vol. 1 No. 1, January 2009, pp. 79-90.
- Sabiq, Sayyid, (1971), "Fiqh Wakaf". Dar al-Arabi: Lebanon.
- Saripudin, Udin, (2016), "Filantropi Islam dan Pemberdayaan Ekonomi". Jurnal Bisnis dan Manajemen Islam, Vol. 4 No. 2, December 2016, pp. 165-185.