



Islamic Law and Community Economic Empowerment

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ABSTRACT

This research is about "Islamic Law and Community Economic Empowerment", the Islamic economic system emphasizes the creation of equitable income distribution, not only to fulfill individual interests but also public interests. This study used a descriptive method, by elaborating information in relevant literature. The data collection technique in this study is a documentary technique, specifically, the information is extracted through documents from various library materials, after that it was analyzed by using content analysis, namely, examining the object of discussion through analysis of books, essays, magazines, articles and all forms of communication that can be analyzed. The results of this study indicate that community economic empowerment in Islam, the emphasis is not only on increasing income and investment, but also on eliminating the causes of poverty. Community economic empowerment requires strategic steps such as socializing and educating the society about the importance of building a sharia economy, strengthening the economic institutions of the people, strengthening the role of *Amil Zakah* and economic cooperation and strengthening the role of government

INTRODUCTION

Islam is a religion of *rahmatan lil' alamin*, a perfect religion. the perfection of Islam has been reflected in its sharia. Islamic law regulates all aspects of human life, both in the fields of education, law enforcement and including the economic field. Economic activity as one form of human relations, it is not part of aqidah, worship and morals, but an integral part of *mu'amalah*. However, economic issues are not completely separated from the aspects of aqidah, worship, and morals, because according to the Islamic perspective, economic behavior must always be colored by the values of aqidah, worship and morals (Assaad, 2014).

Looking at today's development, there are three influential economic systems in the world, namely the socialism, capitalism, and Islamic economic system. This economic system have arised as a result of the capitalism's concept which exploits humans, so that the state intervenes deeply enough with a very dominant role. As a result, it eliminates individual freedom in conducting economic activities, all for the common good. While the capitalism economic system is an economic system that favors large capital owners. Where the state does not have a major or limited role in the economy and this system adheres to the market mechanism system (Nasution & Nasution, 2020).

In contrast to the two economic systems above, Islam implements an economic system by using morals and laws together to uphold the building of a practical system. The Islamic economic system emphasizes in crating equitable income distribution by highlighting the concept of balance between individual interests and state (public) interests sourced from the Qur'an and the sunnah (Nasution & Nasution, 2020).

Based on the description above, it can be understood that issues related to economic problems have been signaled in Islam. Where Islamic rules on economics are perfect rules. Thus, this article will discuss Islamic law and community economic empowerment in Indonesia.

METHODOLOGY

This research is literature study used qualitative data in the form of explanations, descriptions and writings sourced from relevant references to research problems, in the form of books, literature, articles, and journals (Zed, 2014). This research used a descriptive method, which is to describe the information in relevant literature materials. The data collection technique in this research is a documentary technique, namely, information is extracted through documents from various literature materials, after that it was analyzed by using content analysis, that is; studying human behavior or research objects indirectly but through analysis of books, essays, articles, magazines and all forms of communication that can be analyzed (Sari & Asmendri, 2020). Based on this technique, qualitative data is organized, categorized similar data, then analyzed the content critically so that a concrete formulation is determined and then explained in depth.

RESULTS AND DISCUSSION

A. The Concept of Islamic Economics and Community Economic Empowerment from an Islamic perspective

1. Islamic Economic Concept

One of the major problems that people are facing today is economic problems (poverty). Economic activity as one form of human relations (Stiglitz, 2009). But before further discussing the problems related to the economy, it will be elaborated firstly, the meaning of Islamic economics as follows.;

a. Definition of Islamic Economics

Etimologically, the word economy comes from the Greek word which consists of the words oikos and nomos. The word Oikos means household, while the word nomos means to organize. So in general, economics is defined as household rules, or household management. While terminologically, economics can be defined as a branch of social science that specifically studies human behavior or a group of people in their efforts to fulfill relatively unlimited needs, with limited means of satisfying needs (Jauhari, 2019).

While Islamic Economics according to Muhammad Abdul Manan in "Islamic Economics; Theory and Practice" is a social science that studies the economic problems of society inspired by Islamic values. The purpose of Islamic economics is for the maslahah of mankind and to maintain the realization of the intended maslahah, Islamic economics has a certain basis and principles that become its distinctiveness. The basic principles of Islamic economics can be explored and found in many verses and hadith that are scattered in hundreds of primary references to Islamic scientific treasures (Jauhari, 2019).

b. Principles of Islamic Economics

The principles of Islamic economics according to Sjaichul Hadi Parmono can be identified as follows (Nasution & Nasution, 2020) :

- 1) The principle of justice, an important principle that covers all aspects of human life. As Allah has commanded humans to do justice and do good...(QS. An- Nahl: 90).
- 2) The principle of al-Ihsan (doing good), giving benefits to others more than the rights of others.
- 3) The principle of al-Mas'uliyah (accountability) which includes aspects of accountability between individuals and in society.
- 4) The principle of al-Kifayah, the main objective is to eradicate poverty and meet the primary needs of all members in society.
- 5) The principle of balance or al-wasathiyah.

Based on the description above, it can be understood that the concept of Islamic economics is a medium for the community to bring people to the implementation of the teachings of Islam itself based on the Qur'an and hadith, which means to help each other and work together for the good that covers all aspects of life, including in terms of economic empowerment.

2. Community Economic Empowerment from an Islamic perspective

Talking about community empowerment cannot be separated from poverty as the object of empowerment itself. Community empowerment is an

effort to change people's behavior towards a better direction, so that the quality and well-being of their lives can gradually improve (Nastiti, 2014).

The focus in the concept of empowerment is not only on the economic sector (increase in income and investment). Rosulullah SAW has provided a way to deal with poverty issues, such as trading and farming. The conception of empowerment exemplified by the Prophet Muhammad SAW contains very advanced thoughts, which are focused on "removing the causes of poverty" not on "eliminating poverty" as well as talking about temporary helps (Nastiti, 2014).

Likewise, in overcoming the problem, the Prophet Muhammad SAW not only gave advice and recommendations, but he also gave the demand to strive for it so that people could overcome their own problems with the abilities they had according to their expertise. Rasulullah SAW gave guidance to utilize existing resources and instill the ethic that work is a commendable value (Uyuni, 2021). Therefore, the conception of empowerment in Islam is comprehensive (holistic) concerning various aspects and basic foundations of life. Regarding community economic empowerment, it has been explained in Islam that humans must work as Allah says in Q.S at-taubah: 105.

وَقُلْ اَعْمَلُوا فَسَيَرَى اللّٰهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ اِلَىٰ عِلْمِ الْغَيْبِ وَالشَّهَادَةِ فَيُنبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ

Translated as

And say, "Do [as you will], for Allah will see your deeds, and [so, will] His Messenger and the believers. And you will be returned to the Knower of the unseen and the witnessed, and He will inform you of what you used to do." (QS. At-Taubah : 105).

According to the explanation above, it can be understood that regarding the economic empowerment of the community, it is recommended to work, such as trading and farming or working according to their expertise so that they can overcome their own difficulties.

Economic empowerment in Islam requires several main values that must be considered, such as; rabbaniyah (divinity), morals, humanity and the middle (Mansour et al., 2015).

- a. Islamic economics has a basic nature as a rabbani and human economy. It is said to be rabbani economy because the Islamic economy is filled with the goals and values of Ilahiyah (divinity).
- b. Moral economy in this case there is no distinction between economic activities and morals. Muslims are not allowed to prioritize economic interests above the preservation of values and virtues that are taught in religion.
- c. Human economy, is an Islamic economic system that is implemented with the aim of the benefit of mankind or to achieve a good life for the people of the community.
- d. The middle or balance economy, which is a fairly middle, is the spirit of Islamic economics and at the same time distinguishes it from other economic systems (Nasution & Nasution, 2020).

According to Saefudin, economic values include: ownership; balance (equilibrium); and justice. These three values can be described as follows:

1. Ownership in Islamic economics is based on its usefulness and does not have absolute control over economic resources. A Muslim who does not produce benefits from the resources that Allah has mandated to him will lose the right to these resources. Ownership is limited to the lifetime of man in the world, and when the person dies, must be distributed to his heirs according to Islamic provisions.
2. Balance (equilibrium) whose influence is seen in various aspects of Muslim economic behavior, such as simplicity (moderation), frugality (parsimony) den avoid waste (extravagance). The concept of balance is not only the weight of kindness that the results of its efforts directed to the world and in the hereafter alone, but also related to the individual interests (freedom) with the public interest that must be maintained, grow with equity or equitable economic growth that must appear in the economic life of society, and the balance between the rights and duties.
3. Justice, the word most mentioned in the Qur'an after God and science is justice. The word justice is mentioned many times in the Qur'an to show how this value has a very honorable weight in Islam, both related to social, political and economic aspects. Yusuf Qardhawi states that "The spirit of the Islamic system is justice". Yusuf Qardhawi further states that Islam has forbidden any business relationship that contains injustice and requires the fulfillment of justice applied in every trading relationship and business contract. Therefore, Islam prohibits bai' al-gharar (buying and selling that is not clear about the properties of the transacted goods) "because it contains elements of uncertainty that endanger one of the parties to the transaction (Assaad, 2014)

Based on the explanation above, it can be understood that Islamic economics is considered an integral part of the teachings of Islam itself, so that Islamic economic thought comes directly from God. The Islamic economy aims not only to regulate human life in the world, but also to balance human interests in the world and the hereafter. This brings implications from the normative aspect: what is good and bad, what to do or avoid is not merely seen from the efficiency aspect as known in conventional economics, but rather how to make actions in mundane life also generate rewards in the hereafter.

B. Opportunities and Challenges of Islamic Economics

The development of Islamic economics within Indonesia in the past decade has grown rapidly and increasingly interesting. After 1998, sharia-based commercial banks began to grow (Said, 2015). Now, there are approximately 10 Islamic commercial banks in Indonesia. Moreover, there are dozens of Islamic credit banks in various regions. Interestingly, the growth of Islamic banking is also followed by Islamic insurance, Islamic pawnbroking, Islamic cooperation, BMT/Islamic financial services and Islamic capital markets.

The positive effect is that the top 10 Islamic banks continue to show a performance boost by registering an average annual growth of around 30 percent for 2008 (Syarifuddin, 2021). While conventional banks are consolidating and downsizing, Islamic banks especially in the Gulf Cooperation Council countries continue to expand and recruit new employees. The current crisis seems to be adding to the weaknesses of conventional banking on which the global financial system is built. The conventional system allows the creation of multiple debits on a particular asset without any real transaction taking place that can be done by a default credit exchange.

In contrary, Islamic finance demands that financial transactions must be backed by real assets and in accordance with Islamic law, sharia (Khan, 2010). Surprisingly, Islamic banks such as Al-Rajhi Bank of Saudi Arabia, Kuwait Finance House, Dubai Islamic Bank, and Maybank Islamic grew steadily during the crisis. Because of the virtues and advantages of Islamic banking, the demand for its services is expanding, not only in Islamic countries, but also in Western countries, such as the United States and the United Kingdom. According to data from BI's Islamic Banking Bureau, in the next 10 years, no less than 10,000 human resources with qualifications and expertise in Islamic economics will be required.

Of course, this is a very prospective opportunity and at the same time a challenge for the existing educational institutions. Considering these prospective opportunities, it would be a waste if the Islamic economic system is not built on strong pillars. Therefore, strategic steps are needed: First, increasing the socialization of Islamic economic concepts comprehensively. Second, the development and improvement of existing Islamic economic institutions. Do not allow transactions that are conducted not in accordance with the principles of Islamic teachings. Third, the improvement and refinement of existing regulations. Fourth, improving the quality of human resources who have adequate qualifications and knowledge of sharia economics. Fifth, product innovation. The success of Islamic economics in the future depends on the ability of Islamic banking to present products that are attractive, competitive, and based on the needs of the community, but still in accordance with sharia principles (Alhamdi et al., 2022).

As for the challenges of Islamic economics, the first is the lack of a strong network or synergy between Islamic financial institutions and social institutions operating in the field of the ummah's economy, such as zakah and waqf institutions. Secondly, the lack of development of Islamic economics that can be developed through the world of education and knowledge, whether it is on campuses, scientific research, study groups, or mass media. Indeed, today Islamic economics has developed not only in the world of Islamic education, but has entered the world of education in general. Major campuses in Indonesia have conducted academic studies of the phenomenon and scientific development of sharia economics. It is about time that the study of Islamic economics gets a wider space and place in higher education. The Islamic economics curriculum also needs to be constantly improved, integrated between normative religious approaches and empirical quantitative approaches (Hidayat et al., 2021).

The research on Islamic economics, both on a micro and macro scale must be reproduced. This will enrich the treasury of Islamic economic literature as well as accelerating the development of Islamic economics as a whole and as comprehensive. However, it is unfortunate that until now there has been no permit from the Ministry of National Education for the establishment of an undergraduate study program in Islamic economics. In fact, several Muhammadiyah universities about three months ago had applied and had been pledged. Unfortunately, until now there has been no actualization. Perhaps this is an important homework for the new Minister of Education. Wallahu'alam.

C. Strategies for Community Economic Empowerment

It has been previously described that empowerment is aimed at identifying people's behavior so that they can be empowered in order to improve their quality of life and well-being. In the context of successful empowerment, it is necessary to take several strategic steps in order to strengthen the economy of the ummah, as follows.

1. Socializing and Strengthening the Ummah's Economic Institutions.

Socializing and educating the ummah about the importance of developing the economy (especially sharia economy) which is one of the core teachings of Islam; strengthening the morals in economic activities, the work ethic and the business ethic. Also, strengthening the economic institutions of the ummah (LKS, Baznas, Laznas, cooperation, etc.) such as improving human resources, IT, management, etc. so that they are better developed and become more trusted by the ummah.

2. Making the Mosque as a Place of Business

Making the mosque in addition to the place of congregation in worship is also in muamalah. Mosque congregants are used as producers or consumers. This will build a spirit of favoring fellow Muslims in the economic field and will further ensure the circulation of an Islamic economy, thus ensuring the halalness of the assets obtained. As Allah says in Q.S an-Nisa: 29.

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالِكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Translated as:

O believers! Do not devour one another's wealth illegally, but rather trade by mutual consent. And do not kill each other or yourselves. Surely Allah is ever Merciful to you.

3. Strengthening the Role of Amil Zakah

Strengthening the role of amil zakah to distribute zakah funds, in addition to consumptive as well as productive, for the benefit of the ummah's economic empowerment, as is widely done now by zakah institutions.

According to Yusuf Qardhawi, zakah is a source of social security funds. Zakah plays an important and significant role in the distribution of revenue and wealth, and has a real effect on the public's consumption behavior. Therefore, Yusuf Qardhawi more explicitly states, that zakah in the context of the people becomes a very important source of funds. Zakah also affects the choice of consumers in terms of allocating their income for savings, consumption or

investment. The effect of zakah on the socio-economic aspect has the impact of creating community security and eliminating conflicts of class caused by the sharp differences of opinion. The implementation of zakah by the state supports the establishment of economic conditions, which is an increase in productivity accompanied by equal distribution of income and an increase in employment for the community (Assaad, 2014).

The zakah system in Islamic economics is at the forefront of the fiscal system. Zakah has the function of allocation, distribution, and at the same time stabilization in the economy. If managed properly, zakah will be one of the solutions to the ultimate goal of a nation's economy. Which is the establishment of prosperity for the community.

4. Economic Cooperation

Economic cooperation by optimizing the synergy between various community hubs in the form of strategic partnerships such as MSMEs with mosques, Ziswaf institutions, educational institutions including Islamic boarding schools which are quite numerous and large.

Economic cooperation must be implemented at all levels of economic activity, production, distribution of goods and services. One form of cooperation in Islamic economics is qirad. Qirad is cooperation between owners of capital or money and entrepreneurs who have expertise or skills or executors in economic units or business projects. Qirad is known in the economic world as equity participation, without the burden of capital interest or money interest, but on the bases of profit and loss sharing from jointly agreed economic activity business projects (Assaad, 2014).

5. Role of the Government

Encouraging the central and regional governments to provide facilities, both in regulations and capital assistance to MSMEs or other small or micro entrepreneurs (Purnawan & Adillah, 2020).

Based on the explanation above related to strategic steps in order to empower the ummah's economy, the important thing to do is to socialize and educate the ummah about the importance of developing the economy, strengthening the ummah's economic institutions, strengthening the role of Amil Zakah and economic cooperation and strengthening the role of the government. If this were implemented with a good management, full of responsibility, and obtain strong support from various elements of the Ummah, then Inshallah, there will be a strengthening of the economy of the Ummah in its various pillars as mentioned above. Poverty and impoverishment will be overcome as well as possible, or at least can be reduced or minimized.

CONCLUSIONS

Islamic economics is an economic system that aims for the *maslahah* of mankind and not only regulates human life in the world, but also balances human interests in the world and the hereafter. And the focus community economic empowerment in Islam is not only on the economic sector (increase in income and investment). The concept of community economic empowerment in Islam contains very advanced ideas, which are focused on eliminating the causes of poverty, not on the elimination of poverty, which is no different from talking

about temporary helps. Strategic steps that need to be taken for the economic empowerment of the people, i.e., socializing and educating the people about the importance of building the economy (especially sharia economy) which is one of the core teachings of Islam, making the mosque in addition to the place of congregation in worship also congregation in muamalah, strengthening the role of amil zakah to distribute zakah funds, in addition to consumptive ones as well as productive ones for the purpose of ummah's economic empowerment, and establishing economic cooperation by synergizing between various community hubs in the form of strategic partnerships, and encouraging central and regional governments to provide facilities, both in regulations and capital assistance to small or micro entrepreneurs.

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