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Sharia Economy Provides Welfare for the Community

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Abstract

The meaning of welfare in sharia economics aims to achieve a person's general welfare, namely material, spiritual and moral welfare. The concept of Islamic economic benefits is based not only on the manifestation of economic values, but also on spiritual and moral values. This research was conducted based on a literature study with various references to journals and books as well as several articles. After all the data has been collected successfully collected during the research process both primary data and secondary data were analyzed qualitatively and then presented descriptively. Sharia economics with principles based on the Qur'an and As-Sunnah can be a solution for the benefit of society. And the government has made various efforts to stabilize inflation in the Islamic economy such as increasing the level of costs on individual income, also using reserves stored in the Baitul Mal, by using zakat or tax proceeds that are not spent in a certain period. Seeing the current conditions, the choice to develop Micro, Small and Medium Enterprises (MSMEs) is the right choice in order to reduce unemployment and absorb the existing workforce by opening new jobs. Suggestions for this research are so that the Indonesian economy can be better and continue to advance as a result of the slump of covid 19 with sharia economics and still hold on to the principles based on the Qur'an and As-Sunnah.

Keywords: **Sharia Economics, Welfare, Economy**

Introduction

Naturally, the map of human life cannot be separated from the economy to meet the needs of human life including clothing, food and housing which have become primary needs that must be met. In fulfilling it, humans are required to try either alone or together. In the initial concept, it was still very simple by exchanging goods from one person to another, from one place to another, even from one area to another, with the principle of not feeling that one party was not harmed, that is the value that has been running for hundreds of years. -hundred years ago on this earth (Wildan, 2018).

In an effort to meet the needs of his life, humans will not be able to complete them or obtain them without the help of others, as emphasized by (Khaldun, 1994) in his book *Muqaddimah* that "Humans are social creatures", humans will need other people in order to meet their needs. , a trader needs trading partners to sell his goods and also needs workers to complete or produce raw materials into goods that can be consumed (Sodiq, 2016).

After COVID-19, the welfare of the community has decreased rapidly. Almost all people are affected from the upper class, middle class, to the lower class though. Where the necessities of life increase, but income decreases. This causes the economy in Indonesia to fall apart. With the emergence of various economic problems that are increasingly difficult to overcome, such as the number of employees being laid off, MSMEs whose income has decreased, not even a few MSMEs have gone out of business. Of all that raises a big loss.

Thus, a solution is needed to overcome post-pandemic economic difficulties by providing stimulus and policies so that the community's economy can improve, one of which is reviving the real sectors. Sharia economy as an economic system that moves a lot in the real sector, through various financing with the sharia system which is considered more friendly than the amount of interest expense (Rakhmawati & Afandi, 2022).

When Indonesia experienced an economic crisis due to covid 19, the economy of the middle and lower classes had weakened, some even had their economy zero. Of course, this is a thought for us as to what alternative economic system is suitable to save the life of the lower class so that it remains on the normal line. Of course we can assume that the application of Islamic economic values can be an alternative for the welfare of society (Jureid, 2020).

Islamic economics has principles that are sourced from the Qur'an and Al-hadith. These principles are eternal, such as the principles of monotheism, justice, benefit, freedom and responsibility, brotherhood, and so on. This principle is the basis of Islamic economic activities which are technically operational, always evolving and can change according to the times and civilizations faced by humans (Kusuma, 2019).

From the above principles, it can be seen that the development of the times is needed in an economic system that is in favor of mankind as a whole. Islamic economists agree that a rational-based economic system is very impartial to humans as a whole, only in favor of the interests of a group of humans. In this case, it is necessary to re-evaluate the values of the Qur'an and Al-Hadith which are rich in laws and economic policy directions that must be taken and adapted to the times and regional differences (Wildan, 2018).

Research Method

This research was conducted based on a literature study with various references to journals and books as well as several articles. Library research is research carried out by collecting data and theoretical foundations by studying books, scientific works, results of previous research, related journals, related articles and sources related to appropriate research. After all data has been obtained and successfully collected during the research process, both primary data and secondary data were analyzed qualitatively and then presented descriptively, namely explaining, describing, describing problems related to sharia economics in realizing public welfare.

Results and Discussion

Application of the Islamic Economic System

According to Dr. Muhammad Abdullah al'Arabi, Islamic economics is a collection of general economic principles that are derived from the Qur'an and Sunnah, and is a part of the economy that was founded on these basics according to the environment and time (Wildan, 2018). Islamic economics or Sharia economics is a science and system that is sourced from the revelations of Allah that are convincing for the safety and welfare of mankind. Paradigms, assumptions and theories are very conducive to future survival needs. Islamic economics has four main characteristics, including the importance of recognizing private property rights, mutual support and cooperation, emphasis on the importance of equitable distribution of income and circulation of wealth, and an economy that requires halal. In addition, there are other characteristics of Islamic economics, namely the abolition of interest, the institutionalization of alms and zakat, the concept of halal and haram, the prohibition of hoarding and concern for the welfare of the poor (Chaudhry, 2012).

Potentially, Islamic economics has a great opportunity to become an alternative as a solution to the failure of the capitalist and socialist economic systems in the future. Islamic economics has the potential to replace the position of conventional economics. However, in the implementation of Sharia Economics, there are still many challenges that must be faced, including: the implementation of double taxation in sharia banking; there is no sharia economics curriculum in public schools, so that public understanding, awareness and concern are low. In addition, there are still many Human Resources who do not understand about Sharia Economics and there are still untrustworthy implementing officers of Sharia Economics, so it is appropriate that in facing these challenges all institutions responsible for the implementation of Sharia economics must continuously conduct studies, research, publications and socialization to parties deemed necessary (Wildan, 2018).

The main goal of Islamic economics is to realize human goals to achieve happiness in the world and the hereafter (fallah) and a good and honorable life (al-hayahu tayyib). This is the definition of prosperity from the Islamic point of view, which is of course very different from the concept of prosperity in the ordinary secular and material economy.

The main indicator of success in an economic system is welfare. According to Law Number 13 of 1998, welfare is defined as a system of life and social life, both material and spiritual, which is filled with a sense of safety, decency, and inner and outer peace that makes it possible for every citizen to carry out the best physical, spiritual and social fulfillment. good for oneself, family, and society by upholding human rights and obligations in accordance with Pancasila. (Purwana, 2014) in a broader sense, welfare is the freedom of a person from the shackles of poverty, ignorance and fear so that he can get a safe and peaceful life both physically and mentally. To ensure the welfare of the people in a country, the state needs to intervene in economic affairs.

This welfare indicates a condition that most of the needs of an individual are fulfilled so that they are able to survive. Basically, the sharia economic system has the principle that every individual has the freedom to achieve his welfare as long as it does not conflict with Islamic law. Islamic economics and social finance overcome post-pandemic economic problems through several ways including the distribution of direct cash assistance from zakat, infaq and alms, strengthening the waqf sector in the form of cash waqf, productive waqf, waqf related to sukuk, and waqf for infrastructure. In addition, through strengthening MSMEs by providing superior business capital assistance, the qardhul hasan scheme (providing loans to parties in need with certain criteria), increasing economic and Islamic financial literacy, and strengthening Islamic financial technology (Rakhmawati & Afandi, 2022).

The limitations of economic indicators in presenting the level of people's welfare have increased the world's attention to the social aspects of development. Development progress, which so far has been seen more from economic indicators, such as economic growth and poverty reduction is considered insufficient to describe the real level of welfare. These economic indicators are generally measured objectively with a money-based approach (Sodiq, 2016).

In an official statement from Bank Indonesia, it was stated that the Islamic economy has shown a performance that can survive and even be able to grow and develop with great potential in the future, and can also support efforts to deal with the impact of the Covid-19 pandemic. The sharia economy is in line with the Indonesian economy in general, resilience is supported by domestic demand in the midst of a decline in exports due to the slowdown in the global economy in 2019. Judging from the priority sectors in the halal value chain (HVC), sharia economic performance is generally higher than Gross Domestic Product (GDP) with growth reaching 5.72 percent (Jureid, 2020).

The Islamic Economic Approach is a Solution to the Post-Covid-19 Poverty Problem

According to M. Yunus, global poverty is caused by two things. First, poverty threatens the strengthening of world peace, which appears in countries with poor populations, which leads to conflicts and wars that are very difficult to resolve. War is still the final solution to various conflicts. The second cause of poverty is a global problem because poverty is an obstacle to the realization of human rights.

Poverty is generally caused by two factors, namely internal factors and external factors. Internal factors caused by the population itself include low levels of education, low skills, and culture. Meanwhile, poverty caused by external factors includes the low ability to access economic resources, and is caused by disasters including the Covid-19 virus which can make a person poor.

The efforts that have been made by the Zakat Institution in anticipating the spread of the corona virus are the first to take preventive measures and the second to carry out curative efforts. The distribution of zakat and infaq is also able to become an alternative policy to improve the economy and alleviate poverty as a result of the Covid-19 virus. This zakat is given to those who have an economic deficit who are entitled to receive zakat. This is explained in the letter At-Taubah verse 60 which means "Indeed zakat is only for the poor, the poor, zakat collectors, converts (people whose hearts are softened), to free riqab (servants of slaves), gharim (debtors), fi sabilillah (those who struggle in the way of Allah), and ibn sabil (those who are on the way of Allah), Allah is Knowing and Wise." So zakat is a solution to economic problems.

The short-term solution taken by zakat institutions in this situation is to continue to educate the public on the importance of paying zakat in the midst of an increasing number of people who are entitled to receive zakat. In addition, zakat institutions must also carry out a collection strategy through a digitalization fundraising strategy, and zakat institutions must make a current priority scale by allocating and prioritizing consumptive zakat.

The problem of poverty must be resolved, because if it cannot be resolved it will become a problem that can disrupt economic activity. In addition to through zakat institutions, this poverty problem can also be overcome in the following ways:

a. Family Hope Program (PKH, conditional cash transfer assistance): Program coverage was expanded from 9.2 million to 10 million families in social registration and the value of assistance increased by 25 percent until December 2020.
b. Sembako Card (food assistance): The program coverage was expanded from 15.6 million to 20 million families in social registration and the value of assistance increased by 33 percent until April 2021.
c. Jabodetabek Sembako (food assistance): A new temporary aid scheme in the Greater Jakarta area covering 1.9 million households not enrolled in other programs from April to December 2020.
d. Non-Jabodetabek BLT (unconditional cash transfer): A new scheme of temporary assistance outside the Greater Jakarta area covering 9 million households in social registration not enrolled in other programs from April to December 2020.
e. BLT Dana Desa (unconditional cash transfer): A new scheme of temporary assistance (funded by reallocation of resources from Dana Desa) for rural areas, covering 11 million households from April to December 2020.

The government has made several efforts above with the aim of preventing people from falling into poverty when the pandemic continues. In addition, so that the community can return to meet their daily needs.

The Islamic Economic Approach is a Solution to the Emergence of Inflation Problems

In the Islamic economic system inflation is not a major economic problem in the aggregate, because the currency is stable with the use of the dinar and dirham currencies. According to Islamic economists, inflation is very bad for the economy because it can cause disturbances to the function of money, especially to the saving function, the function of advance payments, and the function of the unit of account. Then inflation can also weaken the enthusiasm and saving attitude of the people, and also increase the tendency to shop especially for non-primary and luxury goods. In addition, inflation also directs investment to non-productive things, namely the accumulation of wealth such as: land, buildings, precious metals, foreign currencies at the expense of investment towards productive activities such as agriculture, livestock, mining, industrial, trade, transportation, services. and others (Hariyanto, 2019).

According to Ibn Taymiyya, a fair price is the price value at which traders sell their wares and is generally accepted as commensurate with the goods sold or other similar goods at a certain place and time. Meanwhile, according to Imam Al-Maqrizi stated that inflation is a natural phenomenon that befell human life throughout the world since the past, present and future. According to him, inflation occurs when prices generally increase and continue continuously. At the time of inflation, the availability of goods was in short supply. According to Al-Maqrizi, this inflation is generally caused by two factors, namely factors due to reduced inventories and factors due to human error (Nurhidayat, 2020).

This natural inflation is caused by natural disasters and disasters caused by infectious diseases caused by dangerous viruses. According to Al Maqrizi, this causative factor cannot be avoided by humans. The impact of the disaster will cause great panic because humans experience various economic difficulties. Basic foodstuffs will experience a drastic shortage, while demand will increase. Meanwhile, people's purchasing power has decreased. As a result, according to Al Maqrizi, economic transactions are jammed and can even stop, this is what is currently being experienced due to self-isolation, social distancing or physical distancing, the economy can stop (Al-Qardhawi, 2001).

Human error inflation is inflation caused by human error that deviates or violates sharia rules and principles. In the sharia system, the causes of human error inflation are corruption and bad administration, excessive taxes, and the emotional market.

Inflation is referred to as an indicator to measure the economic health of a country. A high inflation rate can reduce the level of social welfare, and vice versa, a low inflation rate will have the potential to reduce the economy such as growth rates, poverty reduction, decreased employment opportunities, decreased employment opportunities and will gradually lead to a recession.

There are two attempts to stabilize inflation in an Islamic economy, namely first through an increase in the cost level of individual income, causing the consumption curve to shift downwards which causes aggregate demand to decrease so as to achieve a balance of full employment opportunities. Second, using the reserves stored in the baitul mal, by using the proceeds of zakat or taxes that are not spent in a certain period. This amount of surplus during periods of deficit and depression can be determined according to experience. This will result in high economic stability.

Islamic Economic Approach through MSMEs

Micro, Small and Medium Enterprises (MSMEs) are one of the fields or businesses that make a significant contribution in spurring economic growth in Indonesia. However, due to the post-covid MSMEs in Indonesia, it is very different from previous years. In fact, there are still many problems that must be faced such as problems in terms of promotion, marketing, and sales of products that have been produced (Anggraeni, 2014).

In Indonesian society, the term trader is more popular than MSME. This MSME has three types of businesses, namely as follows:

1) Micro Enterprises, namely productive businesses owned by individuals or business entities owned by individuals
2) Small Business, which is a stand-alone productive economic business carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled or become a part, either directly or indirectly, of a medium or large business.
3) Medium Enterprises, namely productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become part either directly or indirectly with small businesses or large businesses (Disuma, 2022).

Judging from the three types of businesses above, MSMEs have several different characteristics of SMEs, including:

a. Micro business
    1. Have not done financial management or recording.
    2. HR is still lacking.
    3. In general, do not know banking.
    4. Do not have a business license or other legal requirements.
b. Small company
    1. Financial accounting has been completed simply, corporate finance has been separated from personal finance.
    2. Human resources, on average, have high school education and have business experience.
    3. Already have legal requirements.
    4. Liaising with banks.
c. Medium Enterprise
    1. Management and organization arrangement is good.
    2. Financial management already uses an accounting system.
    3. Complete legality requirements (American Journal of Sociology, 2019).

The development of MSMEs as institutions capable of activating community participation must receive our attention. If we look at the reality, in general, Muslim countries in the world are currently in the category of developing countries, where they have a surplus of labor, lack of capital and foreign trade, and lack of educational infrastructure in technology development. With these conditions, the choice to develop Micro, Small and Medium Enterprises (MSMEs) is a very appropriate choice in order to reduce unemployment and absorb the existing workforce by opening new jobs. Even according to Imam Hasan al-Bana, in his discussion of economic reform in Islamic teachings, these small and medium-sized businesses will be able to help provide productive employment opportunities for poor families, and will then minimize the existing poverty level.

The development and role of MSMEs is believed to be increasing. Currently, financing through financial institutions has also increased, this is a form of support for the development of MSMEs. As stated in Law no. 20 of 2008, concerning Micro, Small and Medium

Enterprises, aims to grow and develop their businesses in helping the national economy through its contribution to job creation and employment (Putri, 2021).

MSMEs are very influential for economic stability and increase foreign exchange for Indonesia. With the existence of MSMEs, we can lift people from the abyss of poverty and even out the level of the economy of the poor. People are more productive and innovative and can even stand on their own if the place where they worked previously went bankrupt so that they no longer depend on other people and the economy in Indonesia is more evenly distributed and people have sufficient income. In addition, here we can also be the boss of our own MSMEs and are not bound by time when and where we work like when working in an office that must be on time. We can also introduce our products that are original from Indonesian culture to foreign countries. Currently, a lot of MSME job training has also been implemented for business actors, especially the sophisticated technology that supports the promotion of MSME products for the better in the future.

The potential that exists in Micro, Small and Medium Enterprises (MSMEs) in an effort to empower the community's economic capacity is very large as well as a hope for income to be able to meet the needs of life. This empowerment effort is always monitored, supported, and evaluated by the government for its contribution to employment, as well as other economic activities. Micro, Small and Medium Enterprises (MSMEs) are expected to be able to contribute to absorbing employees, considering that Micro, Small and Medium Enterprises (MSMEs) are dominated in labor-intensive fields. So that the development of MSMEs is very large, it is likely that more workers will be absorbed (American Journal of Sociology, 2019).

Conclusion

As stated above, sharia economics with principles based on the Qur'an and As-Sunnah can be a solution for the benefit of society. In Islamic economics, there are high moral values and spiritual values that are interrelated. With Sharia values and an economic system, people can prosper from the impact of Covid-19 and survive the worries of the future. And the government has made various efforts to stabilize inflation in the Islamic economy such as increasing the level of costs on individual income, also using reserves stored in the Baitul Mal, by using zakat or tax proceeds that are not spent in a certain period. This will result in high economic stability. Seeing the current conditions, the choice to develop Micro, Small and Medium Enterprises (MSMEs) is the right choice in order to reduce unemployment and absorb the existing workforce by opening new jobs.

The limitation in this analysis is also finding that people are still not able to develop Mikro Small and Medium Enterprises (MSMEs). So, there will be separate responsibilities for the government. Because it has been proven that MSMEs can employ local workers, it can reduce unemployment and poverty. Suggestions for this research are so that the Indonesian economy can be better and continue to advance as a result of the downturn of covid 19 with sharia economics and still adhere to the principles based on the Qur'an and As-Sunnah. And the government helps MSMEs to develop more so that they can make a full contribution to local MSMEs, through strategies as well as short-term and long-term assistance.

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