

# Social Security System Through National Zakat Agency in Southeast Asian Muslim Countries

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## ABSTRACT

This study aims to discover comparative social security system through National Zakat Agency in three biggest Muslim countries in South Asia. The comparison is focused on social security system management, regulation, scope, objectives, and its implementation. Institutionally, zakat (alms-giving) management in Indonesia, Malaysia and Brunei Darussalam has different characteristics. Although these three countries are predominantly Muslim, the existing government system has logical consequences for managing zakat. From the indicators of good governance or good governance, we can see the difference in zakat management.

**Keywords:** *Social security system, zakat, Southeast Asian Muslim countries*

## 1. INTRODUCTION

In the Islamic economic system, one of the best ways to achieve balance in the distribution of wealth is by *zakat* (alms), *infaq* (donation), and *sadaqah* (religious gift). Awareness to obey God's commands regarding zakat, infaq, and sadaqah has been integrated as part of worship by Muslims: this can be seen from the high level of zakat, infaq, and shadaqah funds.

Zakat management in Indonesia is managed by the National Amil Zakat Agency (BAZNAS), which is a non-structural state institution established under Law No. 23 2011, BAZNAS is responsible to the president through the Minister of Religion Affairs. BAZNAS has a role as a provider of social security assistance for the poor in Indonesia.

The social security system in Islam has an important position. The mechanism of the implementation system is very clear which includes sources of social security funds, rules of acceptance and grants, responsibilities, and institutions. Everything related to the success of a system requires strategic political policy, as well as the successful implementation of a social security system that must be integrated with the government's political policy as responsible parties for the social networking system.

Even though the establishment of the National Amil Zakat Agency in Indonesia is not motivated by awareness and desire to implement the Islamic Economic System, since Indonesia applies a conventional economic system, but empirically the purpose of establishing BAZNAS is covered in several goals of the Social Security System in the Islamic economic system, including by making this institution as a non-structural institution that reports to the president through the Minister of Religion Affairs. This

shows that several points of the social security system have been implemented in Indonesia.

Unlike Brunei Darussalam, Indonesia has a tax agent and zakat institution. The management of zakat in Brunei Darussalam is governed by the Islamic Religious Council of Brunei Darussalam (MIUB), under the Ministry of Religion Affairs. Tax institutions in Brunei Darussalam are only a type of corporate/organizational taxes, while personal taxes are included in zakat. Assistance will be given to people living in poverty. It is not only basic monthly needs, but also annual assistance and accommodation such as electricity, water bills, and housing improvements. Zapata in Brunei also distributes through education, capital for business, emergency assistance for victims of fire or natural disasters, health funds.

In Malaysia, the administration of zakat is under the jurisdiction of each country, namely the Sultan. However, the administration of zakat in Federal region is under Federal Government, whereas Islamic law and administration is regulated by the Federal Government. In addition, the Sultans of each country are advised by the State Islamic Council. (Majlis Negeri Islam Religion, called MAIN). MAIN is responsible for all matters relating to religion and each country has established its zakat management institution. The management of zakat in Malaysia has changed several times; Azman et.al said that the latest administration of Zakat began after the 1990s, which during this privatization era had been instituted by instituting a body that acted as a subsidiary under MAIN to conduct zakat management. Zakat administration privatization policy is as follows; to provide certain officers, or counters for collecting zakat separately from MAIN; to conduct all matters related to zakat based on

computer technology; to make a corporate work system that is not bound by bureaucracy.

Statement of problem in this study is how is the comparison of social security characteristic through the national zakat agency on Moslem Countries in South East Asia?

## **2. REVIEW OF LITERATURE AND STUDY**

### ***2.1. Sharia Economic as Economic Doctrine***

Economy and economic doctrine cannot be separated based on the material and its scope. Economic doctrine will remain as economic doctrine and economy will remain as economy even both have the same topic, if it remains on its own goals and methods.

Although economy and economic doctrines can be used at the same time, differences cannot be ignored, because their mixture can obscure the existence of an economic system in Islam. To emphasize this difference, Muhammad Baqir Ash Sadr offers the words; economic doctrine contains every basic rule in economic life related to ideology (social justice), while economic contains every theory that explains the reality of economic life, regardless of the initial ideology or ideals of justice. Thus the different on ideology of justice and justice itself is distinguishing between doctrine and science, and become a divider between doctrinal ideas and scientific theories.

### ***2.2. Social Security System***

Social Security in Arabic is called *Takaful Ijtima'i*. The term of social security terminology (*Takaful Ijtima'i*) in the Islamic Economic System can be explained in several points, namely, first, that some of the substance *takaful* shows the meaning of imperative and responsibility. The word *takaful* is an interactive form of the word *kafala*, whereas if it is said "*Takafaltu bisy syai*" - "I mean that I have required myself to him, and I will remove it from neglect and disappearance". *Kafil* is the one who guarantees the man or his family. It also means that the person handling the orphans and the orphans are guaranteed. *Ijtima'i* means community or group of people combined with one goal, and that means a group of Muslims. Based on this meaning, it can be said that social security means "the guarantee responsibility that must be carried out by the Muslim community towards individuals in need by covering their needs, and trying to describe their needs, pay attention to them, and avoid evil from them. Second, the term *takaful* is the original term mentioned in the Qur'an and Third As-Sunnah.

*Takaful* is a standard principle in Islamic economics that depends on the principles of *aqeedah* and rules of *ahlaq*, while redistribution on conventional economics, systems based on humanity and economic pressure. *Takaful* or

social security is the responsibility of every individual, community and government.

*Takaful* or social security is the responsibility of every individual, community and government. *Takaful* is a personal responsibility (*fardhu ain*) brought by the rich to the needy and those who must help to make a living. The law of public responsibility for social security is *fardhu kifayah*, that if *ulil amri* carries out social security then *ulil amri* reflects the realization of community responsibility, but if *ulil amri* does not implement it then the law of responsibility becomes *fardhu kifayah*, whereas if there are several people who apply it then sin of the others removed, but if no one takes it then it becomes everyone's sin, until there is certainty who will carry it out.

The basic principle is if someone in the Muslim community is able to work to meet their needs and to meet the needs of their families. But if someone is not able to meet their needs, then it becomes the duty of relatives who are rich according to their livelihood systems. If someone does not have relatives or relatives cannot afford and no one can fulfill it in accordance with the system of living hood, the guarantor to meet their needs is in *Baitul Mall*. So sources in the social security system may be mandatory, or may be voluntary, detailed explanation is as follows: 1). *Mandatory Livelihood System*, is a guarantee to meet the needs in the family, such as the obligation of fathers to provide for their parents, wives and children, or rich people must meet the needs of poor families. *Fuqaha* agreed on the duty of rich families to provide for their families in need, but they differed on the level of relatives covered by their obligations. 2). *Livelihood of the Sunnah*, the livelihood of the Sunnah is the most important source of the social security system.

The state has an obligation to implement a social security system; direct responsibility can be realized with the adequacy of *Bait Baitul* towards the poor, as well as indirect responsibility by asking individuals and communities to help the poor and needy.

Basically, social security covers all generations of Muslims throughout the ages, in detail below is the most important area of social security, as follows: 1). *Fakir*, 2). *Widows and Orphans*, 3). *Sick and paralyzed people*, 4). *Mujahid descendants*, 5). *Prisoners of war*, 6). *Servant*, 7). *Neighbors*, 8). *Prisoners*, 9). *People with a lot of debt*, 10). *Ibn sabil*, 11). *Children established*, 12). *dzimmah*.

### ***2.3. Approach Model for Institutional Development of Social Security Systems***

The basic thinking of institutional development is first, taking social innovation aimed at driving change, enforced by the elite and by using formal organizations. Second, build an organization that lives continuously, effectively, and has the support and completeness of its environment.

Milton J. Esman points out 5 variables as a model of institutional development framework as follows: 1). The leadership variable, is the most important variable or element in the institutional development or

institutionalization of an innovation because leadership is the initial driver in institutional development. Leadership consists of a group of people who actively work on the formulation of the doctrine and then direct and link it to environmental situations. 2). Doctrinal variables, are specifications of values, goals, and operational methods that underlie social action. 3). Program variables are specific actions related to the actions of functions and services that are the output of the institution. This program is also a translation of the doctrine that becomes a pattern of concrete actions and allocation of energy and other resources related to external and internal resources. 4). Resources, are inputs such as finance, technology, people, information. Deployment and guarantee of resources affect the effectiveness of programs and institutions. 5). Internal structure, is the structure and process that is held to run an institution and also for its maintenance, this is related to the division of roles, authority, communication systems, commitment to doctrine and programs.

Zakat, infaq, sadaqa and other religious social funds collected by BAZNAS are distributed to people in need (mustahik) in accordance with the provisions of Islamic law. The distribution of zakat is for 8 (eight) asnaf, the poor, amiline, converts, gharimin, riqab, fisabilillah and ibnu sabil. The distribution of funds managed by BAZNAS is carried out in a consumptive and productive form. In addition to assistance, BAZNAS puts the spirit of business and independence to the poor and poor people who can still work not dependent on zakat funds forever.

In general, the duties of BAZNAS include two things, namely as the operator and coordinator of national zakat management. The biggest potential for receiving funds at BAZNAS is zakat on the salaries of employees within the ministry/non-ministry environment, employees within the state and private companies and individuals. The implementation of the BAZNAS task is united and integrated with the provincial, district/city BAZNAS and LAZ. The Zakat Management Act normatively regulates all zakat management operators to carry out their duties in an integrated manner (integrated system) under the coordination of BAZNAS and the guidance and supervision of the Ministry of Religion Affairs. Each year the BAZNAS financial management report is submitted to the Ministry of Religion Affairs and the Ministry of Finance as an attachment from other institutions.

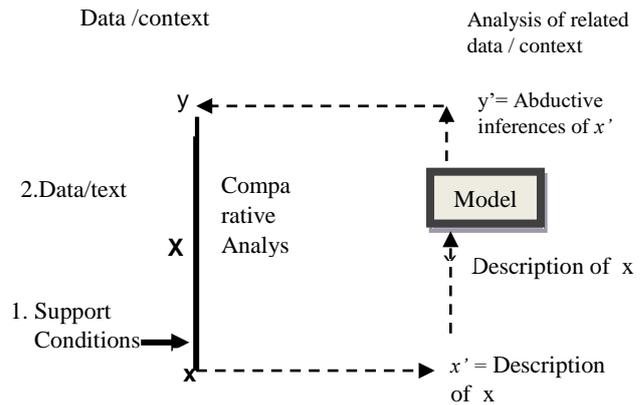
### 3. RESEARCH METHOD

#### 3.1. Type of Research

This research has achieved using grounded research methods. Comparative analysis in grounded research aimed to determine which symptoms generally apply.

#### 3.2. Research Designs

Grounded research methods involved constant comparative analysis. After collected data, researchers stopped to do the analysis process. This Grounded research began firstly by using entry points, which was a series of questions that have been designed as a guide to develop theories related to five variables in the institutional approach or institutional development model. Furthermore, generative questions have also made to guide the first theoretical sampling loop.



#### 3.3. Comparative Analysis Methods

Analyzing the comparison of two variables using grounded research methods, the analysis is done by making a conceptual scheme, by making standards to reject the criteria of the Islamic Social Security System, and acceptance standards against the criteria of the Islamic Social Security System. The acceptance and rejection schemes will be at the repeat stage of the comparative analysis conducted. In addition, categorization is also based on an institutional development approach model or organizational institutionalization as shown in the research design.

Furthermore, the analysis is carried out based on the comparative analysis component described earlier and does not need to be organized linearly. Comparative Analysis Design can include curves or repetition of certain processes, until the quality of answers has been reached, this process is called Construction Analysis. Construction Analysis is a procedure to draw conclusions from generalizations derived from comparative data collected, and comparison of theoretical samples that have been obtained, and then make abduction conclusions to get saturation, whereas until no new ideas or insights emerge from the data. At this point, researchers have seen a strong repetition of themes that have been observed and articulated.

#### 4. FINDINGS

The community economic empowerment program in the form of poverty alleviation programs is the main issue promoted by the three countries, Indonesia, Malaysia and Brunei Darussalam.

Viewed from the economic side, Indonesia which has a population with a large population of course the problem of poverty continues to be a problem in economic development. However, the greater potential of Indonesian society's zakat it will need bigger cooperation among stakeholders and the support of government regulations. BAZNAS and LAZNAS are optimistic that in the coming year, the collected zakat will be able to reduce poverty levels in Indonesia. This is certainly different from Brunei Darussalam with a small population level with a large government income which certainly can solve the problem of poverty in this rich country. The Malaysian government has a large role in the application of zakat by issuing various policies in 14 countries.

From the traditional Malay era until the 90s, the policy and management of zakat became the power of the Islamic Religious Councils of each country. The existing zakat law has not fully implemented zakat. Because it is noted, the regulation does not regulate all sources of zakat that have been mentioned such as agricultural alms, income alms, business alms, and corporate alms. Completely by the State, such as zakat companies that have not been popular because this is the authority of the central government. Institutionally, zakat management in Indonesia, Malaysia and Brunei Darussalam has different characteristics. Although these three countries are predominantly Muslim, the existing government system has logical consequences for managing zakat. From the indicators of good governance or good governance, we can see the difference in zakat management.

In Indonesia, the management of zakat can be grouped into two, namely BAZNAS which is coordinated by the government and LAZ which is managed by the community, thus showing a balance between government authority and community obligations in managing zakat funds. Although after the enactment of Law No.23 of 2003, an integration agreement emerged between the two zakat managers, however, this dualism of management could have an impact on managing zakat less efficiently. Provisions on the management of zakat in the form of public accountability greatly enable the potential for zakat in Indonesia to increase and can be utilized for the welfare of the community.

In Brunei Darussalam, the management of zakat is still based on long-standing laws and regulations, namely the Ugama Islamic Majlis Deed and the Pengal Kadi Courts 77 in the Brunei Darussalam State Law, specifically chapters 114 - 121 concerning zakat and fitrah. This law was affirmed on 11 Shawwal 1389 H or January 1, 1969 which contained that the Majlis Ugama Islam had the power to collect all zakat and fitrah and distribute it to those entitled to the whole country of Brunei Darussalam. While in Malaysia, zakat is managed by each State and Country has full rights and obligations in managing zakat.

Aside from being a manager, responsible for managing and implementing zakat in Malaysia, the Government through the representation of the State kingdom also plays a role in making regulations in the form of zakat laws. The law on zakat is made by the State Legislative Assembly. Every country is free to make zakat legislation, although, it must be in the territory of the State Sharia Law. Freedom of competence in the making of the zakat law, results in various aspects of zakat management and how to enforce the law.

#### 5. CONCLUSION

The social security system institutions that are part of the Islamic economic system are implemented by the three countries that are, Indonesia, Malaysia, and Brunei Darussalam. The three countries have a large number of Muslim populations. Zakat is a source of revenue from these institutions. The management of zakat in Brunei Darussalam is under the ministry of religion, but the withdrawal by different institutions because zakat is included in personal taxes. Likewise, the Malaysian state's management of zakat is included in the affairs of the ministry of religion. Meanwhile, the Indonesian state management of zakat is carried out by social community institutions which are non-structural state institutions, although zakat management must be accountable to the president through the ministry of religion.

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