

The Concept of Social Security in Islamic Economy

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Abstract

Conventionally, Social Security refers to “*an insurance system for human beings, without any discrimination and in all situations of their lives, aimed at protecting the members of society against any contingencies during their life time (health, housing, retirement, maternity, employment injuries, invalidity, family charges, unemployment, vocational training, recreation and death.*” Based on the definition, it is observed that social security system or *nizam al-takaful al-ijtima’i* is indeed one of the vital components of an Islamic socio-economic system in protecting the well-being and survival of the ummah. It is designed to protect the real needs and consumption of individuals and families in the long-term as well as short-run phenomena with the involvement of government, society and individuals altogether. The Islamic social security system also consists of varying beneficiaries and responsible parties at various levels. Islam is abounded with different instruments of social security such as *zakah, waqf, sadaqah, hibah, kaffarah, diyafah, mirath* and *ghanimah*. The findings of this study could illustrate the Islamic social security framework that can be applied in modern economic systems. The findings could also indicate areas of concern in this area for future research.

Keywords: social security, safety net, *takaful ijtima’i, daman ijtima’i, ta’min ijtima’i*.

1. INTRODUCTION

Takaful ijtima’i is the most common terms being used by the Islamic scholars to refer to the modern social security system. However, there are also other terms that may be used for the same purpose such as *daman ijtima’i* or *ta’min ijtima’i*. *Takaful* literally means mutual indemnity and *ijtima’i* refers literally to society and public. *Takaful ijtima’i* refers to the mutual assistance between members of society, be it a person, a society, an institution or a government. Thus, the term *takaful ijtima’i* is general in nature. It refers to any kind of assistance without specifying a specific responsible party.

On the other hand, it is observed that the social security term in the modern conventional economy usually refers to the assistance provided by the government. Thus, it could be defined as “any government system that provides monetary assistance to people with an inadequate or no income” or “a government program that provides economic assistance to

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persons faced with unemployment, disability, or agedness, financed by assessment of employers and employees” (Farlex, 2015).

Muhammad Salih Hamdi (2004) in his work entitled “*Nazariyyat al-Istikhlaf di al-Amwal fi al-Iqtisad al-Islami*” has differentiated between the three terms: (i) *al-takaful al-ijtima’i*, (ii) *al-daman al-ijtima’i* and (iii) *al-ta’min al-ijtima’i* which seem to be similar at the first glance. According to him, *al-takaful al-ijtima’i* denotes the mutual cooperation and protection between the individuals, groups and government based on their faith in taking positive stance towards others in the society by helping each other and avoiding bad matters in order to create a better society. On the other hand, *al-daman al-ijtima’i* is the guarantee and indemnity provided by the government to the citizens – Muslims or non-Muslims. *al-Ta’min al-ijtima’i* refers to the scheme where the beneficiaries have to provide contributions in order to the enjoy the benefit of mutual protection.

Based on the definition, it is observed that social security system or *nizam al-takaful al-ijtima’i* is indeed one of the vital components of an Islamic socio-economic system in protecting the well-being and survival of the ummah. It is designed to protect the real needs and consumption of individuals and families in the long-term as well as short-run phenomena with the involvement of government, society and individuals altogether. The Islamic social security system also consists of varying beneficiaries and responsible parties at various levels. Islam is abounded with various instruments of social security. Islamic social security system could be analyzed from several viewpoints. This paper shall analyze the nature and levels of social security in Islam.

2. ISLAMIC SOCIAL SECURITY SYSTEM

The earliest modern literature work on the social security in Islam could be traced back to the work of Abu Zahrah (1974) entitled “*al-Takaful al-Ijtima’i in Islam*”. Although Abu Zahrah (1974) did not provide any technical definition of *Takaful Ijtima’i*, the general meaning of *Takaful Ijtima’i* that could be derived from his opening explanation of the literal meaning is each individual with capacity in society is protecting each other for the realization of *maslahah* and avoidance of *mafsadah* in order to create a better society. This means that the main purpose of *Takaful Ijtima’i* is to realize *maslahah* and avoid *mafsadah* at the society level. The following work by ‘Abd al-‘Al (1997) had followed the same approach by giving the literal meaning of *Takaful Ijtima’i*.

Muhammad Salih Hamdi (2004) in his work entitled “*Nazariyyat al-Istikhlaf di al-amwal fi al-iqtisad al-Islami*” has discussed the topic of *al-Takaful al-Ijtima’i* in relation to the distribution of wealth (*al-tawzi’*) in an Islamic economy system. There are so many Quranic verses and Prophetic traditions that could prove the concern of the Shariah towards the social security within the society. Allah SWT² said (al-Balad (90): 12-16): “*And what may let you know what the steep course is? (12) (It is) freeing of the neck of a slave, (13) Or giving food*

² SWT stands for *Subhanahu Wa Ta’ala*, which means: “God, be He the Glorified in the Highest”. It is a respectful way to say the name of God in Islam.

in a day of hunger (14) To an orphan near of kin, (15) Or to a needy person lying in dust (16).”

The Prophet SAW³ has encouraged the people to protect the orphans and single mothers by saying: *“I and the protector of orphan and single mothers are this close in the Hereafter (combining his forefinger and middle finger).”* Social security is important from the Islamic viewpoint due to the following reasons:

- Realization of fairness and justice.
- Fulfilment of the basic needs.
- Protection of the five main elements of human (Shariah Objectives).
- Encouragement for mutual cooperation between people.

3. BASIC FEATURES OF ISLAMIC SOCIAL SECURITY SYSTEM

Islamic social security system refers to the interdependence between the members of a community (*ummah*) for the preservation of public and private interests as well as prevention of material and moral damages. This requires every single member to feel that he/she has duties towards others in conjunction with the rights that he/she owns and enjoys, especially towards other person who could not realize and achieve their own basic and immediate needs.

3.1 Levels of Social Security System in Islam

The Islamic social security system could be divided into three categories based on their responsible parties. (i) Individual and family level, (ii) Society and community level and (iii) National and state level.

3.1.1 Individual and Family Level

Social security in Islam starts at the lowest level. The Prophet SAW said: *“Start (your spending) for the person under your responsibility / guardianship first.”* A person is required to protect himself first and then other people who are close to him. The closest circle of people to a person in a community is his family. Thus, a person is responsible to protect his family first before he is responsible to protect other people in the community. In other occasion the Prophet SAW has praised the Abu Musa al-Ash’ari’s clan by saying them: *“The Ash’arites (Ash’ariyyin), when they face hardship due to war or they lack of foods in the city, they will compile their foods in one garment and then they redistribute the foods between them based on equality, there are from me and I am from them.”* There are so many Quranic and Prophetic verses which promote the Muslims to do good deeds towards one’s families and relatives. The main instrument at this level is *nafaqah*, *‘aqilah*, *tanahud*, *mirath* and *diyah*.

3.1.2 Society and Community Level

Then, Islam insists on the mutual protection and assistance between the communities especially the neighbours, poor and needy people. Islam has provided several reasons for a

³ SAW stands for *Salla Allah ‘Alayhi Wa Sallam*, which means: “May Allah bless him (the Prophet Muhammad) and grant him peace.” It is an etiquette in Islam to state this supplication verbally or written after stating the Prophet Muhammad’s name or his title. Some Islamic jurists view it as an obligation.

person to provide foods to the poor and needy people. There are *sadaqah*, *udhiyyah*, *kaffarah*, *dam*, *'ariyah*, *waqf*, *al-ithar* and *diyafah*.

3.1.3 National and State Level

At the national and state level, social security system in Islamic economy refers to the instruments which the government is responsible to manage them such as *zakah*, *ghanimah* and *fay'*. The segregation between the state and national levels of Islamic social security instruments is inevitable in the Malaysian context as the Constitution clearly segregates the power and authority between the federal agencies and state institutions. The table below summarizes the categories of classical Islamic social security instruments based on their levels.

Table 1: Classical Instruments of Islamic Social Security and Their Levels

Individual and Family Level	Society and Community Level	State and National Level
<ul style="list-style-type: none"> • <i>Nafaqah</i> • <i>'Aqilah</i> • <i>Tanahud</i> - Pool of Resources (Asha'irites) • <i>Mirath</i> • <i>Diyah</i> 	<ul style="list-style-type: none"> • <i>Sadaqah</i> • <i>Udhiyyah</i> • <i>Diyafah</i> • <i>'Ariyah</i> • <i>Al-Ithar</i> • <i>Waqf</i> • <i>Kaffarah</i> • <i>Fidyah</i> • <i>Dam</i> 	<ul style="list-style-type: none"> • <i>Zakah</i> • <i>Ghanimah</i> • <i>Fay'</i> • <i>Nizam al-Taqa'ud</i> (Public Pension System)

3.2 Nature of Social Security in Islam

Another way of looking at the concept of social security system in Islam is by examining the nature of its instruments. Some of the instruments are obligatory and some of them are on voluntary basis. Some of the instruments are within the responsibility of the government and some are individual and social obligation.

3.2.1 Obligatory

The main and basic obligatory social security instrument in Islamic economy is *zakah*. There are two types of *zakah*: (i) *zakah* on wealth (*zakat al-amwal*) and zakat on body (*zakat al-abdan* or *zakat al-fitr*). Other obligatory instruments are *nafaqah wajibah*, *kaffarah*, *dam*, and *fidyah*.

3.2.2 Voluntary

Sadaqah (donation of physical wealth) is perhaps the biggest voluntary form of Islamic social security. During the era of the Prophet SAW, there were tribes who came to *Madinah* asking for help. The Prophet SAW has delivered a specific sermon for encouraging his companions to donate their wealth. The Prophet SAW had said: "Donate, even with a slice of a date." Starting with a person who donates some dates, the companions were then donating their wealth and foods until the sign of happiness seemed at the face of the Prophet SAW. This event was an example on how the Prophet SAW used the instrument of *sadaqah* for social

security system. Other voluntary instruments are such as *udhiyyah*, *manihah*, *waqf* and *diyafah*,

The modern institutions of social security, either public or private institutions, such as “public pension system”, “employee’s protection system”, “price subsidies” are examples of modern social security system and they are indeed notionally Islamic with certain conditions. They could be considered and accepted as a part of Islamic social security system. However, the non-Shariah compliant issues may arise from the non-Shariah compliant assets of the investment portfolio of these funds. Thus, if the country is planning towards establishing a comprehensive Islamic social security system, Shariah-compliant investment portfolio should be a required and compulsory for these funds.

4. CONCLUSION

This paper primarily observes that the term of *takaful ijtimai’i* is the most accurate term in describing the concept of social security in Islam compared to other terms such as *daman ijtimai’i* or *ta’min ijtimai’i*. It is also learned that social security concept and principles are not alien to Islam. The concepts and principles were outlined clearly in the Holy Quran and Prophetic traditions. Social security in Islamic economy is based on the principles of brotherhood (*ukhuwwah*), solidarity (*wahdah*), mutual cooperation for promoting welfare and prohibiting evilness (*al-ta’awun ‘ala al-birr wa al-taqwa wa ‘adam al-ta’awun ‘ala al-ithm wa al-‘udwan*). Social security system was practiced throughout the history of Islamic civilizations beginning from the Prophet Muhammad SAW. Social security concept and principles are not limited to the classical instruments and it can be evolving with the evolvement of individual and society’s needs and demands. Some of these instruments are for both Muslims and some of them are specifically designated for Muslims. New instruments could be innovated and introduced if they are meant to protect and preserve the needs of the people

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