

Insaniah (Humanistic) Economics of Waqf: From IR 4.0 to a Human-centred Tawhidic Society 5.0

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Abstract - This paper provides an account of the commonalities of theoretical foundations of *insaniah* (humanistic) economics prevailing in waqf transactions (Islamic endowment). The paper establishes the integration of the two theoretical foundations, the *insaniah* (humanistic) economics in the waqf transactions.

Keywords: waqf, *insaniah*, humanistic economics, societal benefits and shariah compliant

1. INTRODUCTION

Considering that waqf is about preserving the usufruct (the right-of-use) of specified asset(s) by donor (waqif) so that it may benefit the society in the long run (AAOIFI, 2018), and conceptually ownership of a waqf belongs to Allah S.W.T.alone; the paper proposes a trajectory from an existing secular economics of societal transformation society 5.0 (a super smart society). The society 5.0 itself is a societal transformation plan from IR 4.0 and emphasizes on social implications, ethics, and social acceptance by all stakeholders. In view of the substantial role of waqf as one of Islamic economic rites, a human-centred *tawhidic* society 5.0 is the common purpose in all the transformational phases.

2. LITERATURE REVIEW

The *insaniah* (humanistic) economics is a distinct economic proposition that places “persons-first”. Fundamentally, it is about achieving organisational purpose through care, flourishing and well-being of people. In a nutshell, it is about human participation in business organizational pursuit that Granados (2015) among others, puts forth a

solely to Him. In addition, the resources must be used to generate wealth for a fair and just distribution of the wealth. As all human beings have equal rights on these resources as they are given only as a trust for custody or stewardship.

Further, the *insaniah* (humanistic) economics is an alternative framework to the one that is solely oriented towards profits motive. The latter is a secular economic that focuses on profit maximization. It places people as mere resources for business organizational pursuits. Through this the rich are getting steadily richer. Consequently, there is growing wealth inequality in the society. On the other hand, the *insaniah* (humanistic) economics is the human psychology side in the economics. It is a recently invigorated model of economics that has been growing interests among scholars.

A conception of *insaniah* (humanistic) management as a distinct perceptible with underlying dynamics to create a more balanced relationship between objects in the society has been suggested by Kabadayi, Alkire, Broad, Livne-Tarandach, Wasieleski & Puente (2019). It is an alternative to a skewed approach to the “mechanistic” management. Though it does not deny or is against, the significance of efficient techniques and skills in the “mechanistic” management to maximise outcomes such as achieving targeted productivity and reducing costs. And that business goes about to create more shareholder value or large size profitable organizations and money which also allows employees need to feel safe and acquire things that make their lives better. One core value of humanistic organization is inclusion (Fish, Dean, Previte, Robertson & Rosenbaum (2018)

argue that by acknowledging the human needs for fair opportunity, human (*insaniah*) progress become plausible. After all a detailed examination

of humanistic economics by Burleson (2015) showed that human relationship with money is a critical foundation to make a difference in human lives; but the *insaniah* (humanistic) management adds the other side of human nature other than self-interest, and the human interpersonal relationships in the workplace and society. The bonding and community that people required, and purpose to truly achieve success and happiness for mankind.

Meantime, waqf is an Islamic endowment, established in expressed compliance with Islamic law or shariah. The word “waqf” means “to stop”, “to pause”, “to detain”, “to withhold” or “to prevent” something from movement. It is making an asset invulnerable to any disposition that leads or causes to transfer of ownership.

3. DISCUSSIONS

Many recent studies have focused on waqf and on its dedication to donate the usufruct (the right-of-use) of specified asset(s) by donor (waqif) to beneficiaries, humans or ummah for uplifting their well-being. Given this, it may be inferred that the theoretical foundations of *insaniah* (humanistic) for economic gains and societal benefits is also at the heart of our understanding of the (waqf) transactions.

In a study by Shulthoni and Md. Saad (2018); they examine various traditional and modern methods of waqf fundraising. The authors draw our attention to waqf transactions as dedication to transfer of wealth from the rich to the poor to effect social justice. In addition, the authors offer explanations that in such transactions, prosperity is then circulated from the rich to the poor. It is in the same vein with *insaniah* (humanistic) economics because it focuses also on principles of sharing and broadening of ownership of wealth to ummah. A scholar, Cizakca (2016) opines that in Islam accumulation of wealth and its redistribution are jointly related. Biancone & Radwan (2018) have further subscribed to the belief that waqf raises awareness among the affordably rich people on their responsibility for social impact development for the ummah and for economic gains.

The scope of waqf asset(s) includes from traditionally real estate/property to other instruments such as cash, unit trusts and other types financial investments & instruments, and moveable items such as livestock. Biancone & Secinaro (2016) propose equity crowdfunding for an Italian market. As in any phase of human development, innovation functions as a driving force for economic activity and mechanisms through which

the economic activity are transacted and diversified with a momentum that is overturning existing industrial structure as well. This includes the scope of waqf asset(s) as well. However, the core purpose for waqf remains to provide or generate income or service or usufruct to its beneficiaries. It is to fulfil a non-profit purpose. Essentially, waqf is not established to generate profit for its contributors of capital.

Interestingly, capital in *insaniah* (humanistic) economics is also explained widely. In Granados's (2015) principle of economic justice, the author points out since capital pays for itself that once allowed to concentrate in the hands of a few, it spirals out of control and leads to wealth inequality. Both waqf and humanistic economics propose the principle of distribution and participation. In this regards, in Granados's (2015) context of humanistic (*insaniah*) economics, the author finds that it is morally wrong and illicit for a person to own a capital and produces income he or she has no intention or capacity to consume especially when somewhere there is someone who is being denied his or her right to participate in economic activities. In the same vein, Lambin (2014) in his concept of humanistic (*insaniah*) market economy as a concept that embraces humanism and market forces, is very critical of capitalism. Muslims are ordained to redistribute the accumulated wealth therefore helping fellow ummah in the society (Cizakca, 2016). The redistribution of the wealth allows for the provisions of myriad of essential services to Muslims and non-Muslims allowing for the substantial reduction in government expenditure. In turn, a reduction in the government spending goes on to reduce business sole preoccupation with achieving targeted productivity and profitable organizations, the two pillars of secular economics.

The *insaniah* (humanistic) economic on the other hand, is self-correcting and enhances humankind through wide-spread participation in the society, Lambin (2014) adds. The challenges to this approach are the complexity of human behaviour. Economists should understand individuals and their motivations and should help individuals to achieve their goals at the same time while pursuing organisational goals. In this context, the economists have power and responsibilities, whose roles essentially are as motivator of or facilitator for others. Humanistic (*insaniah*) economics entails guiding principles that are based on three dimensions, first that humans deserve our dignity to be respected, second that ethical considerations called upon in all aspects of economics decisions,

and third the initiating and maintaining an ongoing dialogue and consultations with all stakeholders in thoughtful ethical manners. A stakeholder is any person or group of people who will be affected by an economics decision. These three dimensions shall promote human well-being that is conducive and add-value to society at large.

In a similar fashion, with the waqf transactions, Budiman (2014) in refuting western scholars claims that waqf could no longer perform its role in the contemporary economy, demonstrate the(waqf)transactions could generate income to benefit the society. The transactions involve diverting funds and resources from current consumption for future consumption and accumulating of capital in the economy. Omar (2018) suggests that waqf holds great potential for economic development and development of an inclusive economy.

3.1 FROM IR 4.0 TO A HUMAN-CENTRED TAWHIDIC SOCIETY 5.0

We are presently in a new era where innovations driven by enabling technologies such as IoT, AI, and robotics are bringing profound changes to the economy and society. In this era of the enabling technologies, everyone can enter the ring to change society. The digital technological trends are evolving to further fuel the economy through complementarity between science & technology, and innovations.

While technological innovations are expected to continue to play significant role to address challenges and greatly enhanced lifestyle

convenience, they could also increase social complexity. Some negative aspects of the digital society are becoming apparent like displaced labour and reduced labour productivity. Therefore, it is becoming increasingly difficult to ignore the need to equip the growth plans with the flexibility to respond to a world that is changing daily at tremendous speed. It is due to continuous development in science & technology and economic growth.

In this age of uncertainty, we cannot predict what the world will be like five or six years from now. Therefore, as a prerequisite for innovations, it become increasingly necessary to dictate the direction for our society to be pursued. This is the case especially because digital technological innovations can affect progress not only in positive ways but also in negative ways (2019, November 7). There have been negative aspects accompanying scientific and technological advancements such as increase in inequality among ummah.

Looking back at the society 1.0, it is defined as a hunting society consisting of groups of people hunting and gathering in harmonious co-existence with nature. The society 2.0 is a forming group based on agricultural cultivation, increasing organization and nation-building while the society 3.0 is a society that promotes industrialization through Industrial Revolution, making mass production possible. It follows with the society 4.0 as an information society that realizes increasing added value by connecting intangibles assets as information networks.

Raw materials & agricultural products	Development of irrigation techniques Firm establishment of settlements	Invention of steam locomotives	Invention of computers	IOT, AI Super smart society
		Start of mass production	Start of information distribution	
		Industrial society	Information society	
Coexistence with nature Hunting Society	Natural products	Explicit technology added products	Explicit knowledge through networks	Innovative knowledge products/service
		The birth of human beings	13,000 BC	End of the 18 th century

Figure 1: Trajectory of human-centred tawhidic society 5.0

The society 5.0 is an information society built upon the society 4.0. The society 5.0 aims for a prosperous human-centred society. In the society 5.0, movements toward incorporating new elements from both secular and Islamic economics into existing technologies and knowledge, thereafter, designing and creating previously unknown business services are gaining visibility.

Taking into account the scope of waqf transactions has expanded concurrently on the verge of the human-centred society 5.0 from traditional platforms due to the socio-economic demands, it becomes increasingly necessary the human-centred *tawhidic*-based principles is the foundation for economic activities for the ummah. Innovation is increasingly important as a driving force for economy activities, without a doubt. Underneath all this is “digitized information”, in the future, innovative information-based technologies such as Internet of Things (IOT), artificial intelligence (AI), and robotics are expected to generate new added value. The blockchain technology which is a distributed ledger technology (Biancone, 2019) is an example where waqf transactions take place in a distributed ledger technology. Through the technological advancements, the waqf purposes realize maximum potentials for the benefits of ummah (Obaidullah, Mohammed, 2018).

As in any phase of human development, innovations function as a driving force for economic activity but its mechanisms are diversifying with a momentum that is overturning existing industrial structure as well. For waqf (Islamic endowment) the core purpose however remains to provide or generate income or service or usufruct to its beneficiaries, the ummah. Its social impact benefits for economic growth and income generation to the ummah are for long term period (Biancone & Radwan, 2018) give insights.

It is always a core of people, not technology in the concept of society 5.0. This is in the same spirit of *tawhidic* society 5.0 that is a human-centred society. Because *tawhidic* paradigm provides the philosophy of purpose of doing things that is solely for Allah S.W.T. to secure His Pleasure (Ismail & Mdh. Sarif, 2018). The authors in their study of the critical importance of the *tawhidic* paradigm link the spirit of tawhid with management functions. Entrusted by Allah S.W.T., humans have at their dispositions the physical and spiritual resources but with terms and conditions. The resources are not owned absolutely by humanity; they are only a trust from Allah S.W.T. In the human-centred *tawhidic* society 5.0, all opportunities and possibilities belong equally to all human beings. In the human-centred *tawhidic* society 5.0, digitalization is a means, but human

(ummah) submission to Allah S.W.T. remains central.

In the same vein, the waqf transactions, for they are carried out through donations by donors, whose actions despite various options, have chosen (Novak, 1997) to leverage emerging digital technological advancements to donate into investment in the administration of an administrator (mutawalli) via legal instrument (wafiyah). Any returns (incomes) or usufruct (the right-of-use) of that asset benefits a stated beneficiary or is used for a stated purpose in a sustained and fruitful ways for humankind in the society.

In the human-centred *tawhidic* society 5.0 waqf are transacted in a merged of physical space (real world) and cyberspace by leveraging ICT to its fullest. It is a society that aims at human beings, the ummah, providing breadth as a shared concept to them. The physical resources available are transacted are not owned absolutely by any human, as they are only a trust from Allah S.W.T. In the human-centred *tawhidic* society 5.0 various needs of the society are finely differentiated and met through various ICT approaches by providing the necessary products and services in the required amounts to the ummah who need them when they need them, and in which all the ummah can receive high-quality services and live a comfortable.

With our understanding of the *insaniah* (humanistic) economics that adds the other side of human nature, the human-centred *tawhidic* society 5.0 is set on the pre-determined duties of human (*insaniah*) as servant and vicegerent of Allah S.W.T. Hilmiyah, Possumah & Mohd Shafiai (2016) investigated on the Islamic economics system. The authors propose *tawhidic*-based system as the ideal form of a socio-economics order. Because the system's focus on cultivating the solidarity (charity), it fits the reality of human life that is to create benefits for all ummah, the authors conclude. The setting up of well-structured framework for governing is important for attracting Islamic investors to invest in shariah compliant instruments, Biancone & Radwan (2016) find.

Returning to the *insaniah* (humanistic) economics, the approach recognises the uniqueness of each participant in the society. It places a great emphasis on interpersonal relationships, the singularity of each situation and the necessity of managing “like an artist” instead of managing using a set of learned guidelines. For this reason, humanistic economics is view as an art by David Eli Lilienthal in his book with a title Management: A Humanistic Art. The author defines humanistic economics as the art in getting things done with people (the human) coordinating their efforts and allocating resources and knowledge in accordance with the

organizational mission to accomplish goals. And the goals are for the betterment of the humankind. The guiding beliefs of *insaniah* (humanistic) economics for business is that a business is a “community of persons” where they can flourish and cooperate for achieving common goals. It rejects the idea that business as a mere aggregate of individuals united exclusively by contracts. For the latter ignores human relationality and sociability and the rich framework of relationships existing in the business beyond contracts. That business is born in the society, is part of it and the receptor of its activity is the society. A key aspect of social business is that it is expected to bridge gap of the public and private sectors to meet their socio-economic goals due to its income generating while offering societal contributions (Biancone & Radwan, 2019). The authors provide insights on the wide selection of Islamic financial charitable tools including waqf. In an earlier study on possibility of shariah compliant tools for Italian SMEs, Biancone & Radwan (2014) revealed they create prosperity in the economy.

Similarly, in the waqf transactions, the donor (waqif) having dedicated the waqf asset, goes on to gain returns from the waqf assets that are dedicated or donated to a stated beneficiary/ies, and for stated purpose for societal benefits. The beneficiary is the person and the society who is entitled to the disbursement of waqf’s benefits in accordance with the provisions of the waqf deed. This is in line with the view of *insaniah* (humanistic) economics that is aimed at the creation of sustainable human welfare. Martyn and Suganya (2016) propose justified, and equitable distribution and share for all mankind the economy and resources to solve growing discontent in the society in the same ways that waqf assets are dedicated for the societal benefits.

In the case of waqf transactions, the returns or incomes gain can be used only for waqf purpose/s or objectives. It can be only used to increase the future economic benefits of the waqf, just like in the *insaniah* (humanistic) economics that promotes human flourishing. The donor (waqif) and administrator (mutawalli) may be a non-natural such as a corporate entity. It’s moral legitimacy should come from contributing to the common good of the society by providing goods and services fairly and efficiently, maintaining and creating jobs that are consistent with human dignity and appropriate to fostering human flourishing and generating wealth.

In contrast, non-humanistic is viewed as those business activities which are to the detriment of human dignity.

When the term humanistic economics was introduced, it was introduced as alternative

proposals to overcome the monotonous repetition of tasks established by scientific management to improve productivity above all other concerns. The reason was that the scientific management give little or no thought to worker motivation. Going back to scientific approach in economy, it was Frederik W. Taylor in early 1900s who pioneered the principle during the World War II to assist the military. It was so successful that it is apply and use by many companies in economic decision making and planning. It was also called job enrichment, humanistic management is a new way to cope with old problems with the scientific management; motivation or the lack of it, work satisfaction or the lack of it, morale or the absent of it, responsibility or the lack of it, variety in jobs or the lack of it; and productivity or the lack of it. It soon becoming as a means for achieving both, productivity and developing human capital potential. The philosophy promotes the development of economic system but with respect for human dignity and well-being. The dignity of human being lies in its ability to define the purpose of its existence. The view of human being is more from that of only human capital or resources for economic goals, so that human being can be transformed from the passive or obedient employee into an active-cooperative one in economic activities. For human being is capable to self-determine and self-interest is not the only motivation for human behaviour. In this regard, work for human beings is deemed to contribute to both production cost-benefits analysis and personal development by acquiring skills and moral virtues.

Chronic issues such as climate change, pollution, food injustice, and poverty have been further aggravated by organizations that peruse for-profit maximization. The author goes on to argue that the dominant economic paradigm that many businesses follow today is ineffective at it centres only on money, power, and self-interest, but has failed in creating wider benefits. As a result, people often feel unhappy and unsatisfied at work.

The defence of human dignity in face of its vulnerability is because the human being in the process to define the purpose of its existence cooperate socially, involve in business and economic activities. This interactions and involvements can either foster or obstruct human life and well-being. In this perspective, individual is seen as someone with talents who can be motivated to cooperate and work with high or low morale and can develop feelings of resentment for the organization or pride at belonging at it. Therefore, taking care of people’s (ummah) motivation and having a more complete view of human being, is seen as important aspects of management. It expands in recent times to centrality of people (ummah) within the organisation and the society,

and on considering human beings. It is humancentred for interaction and fulfilment that goes beyond traditional rigidity of structures and system. Control techniques are important but fostering creativity, motivation and good feelings are also very relevant.

Some scholars go to the extend to suggest putting people first to achieve organisational success. The upholding of humanity is the ultimate end, the focal point and principle of all economic activities. The principle echoes that individuals (ummah) in society interact ruled by justice and benevolence and civic friendship without losing their personality and sense of responsibilities that calls for respect for human dignity which in turns respect for freedom. The economic entities or firms are viewed as a community of persons. In it, collective decision-making should be based on free and equal deliberation, participation, or representation of all affected parties. The definition of economic success in life-conducive market activities that is based on quantitative metrics should be complemented by qualitative evaluation criteria which human dignity of every man and every woman is universally respected.

4. CONCLUSION

The arguments for *insaniah* (humanistic) through waqf transactions long precede, and complement, more explicitly to the *insaniah* (humanistic) economic. It is about efforts to share (Walsh, 2019) the prosperity among humankind. All the efforts of humanistic economics, as with waqf transactions are geared toward protecting and promoting of human dignity with an emerging focus on well-being (Gohl, 2018). Taking into considerations that waqf is about preserving the usufruct (the right-of-use) of specified asset(s) and conceptually ownership of a waqf belongs to Allah S.W.T. the paper establishes a human-centred *tawhidic* society 5.0 as the common purpose in the societal transformation.

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