Empowering the Ummah: Innovative Economic Strategies for Development

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<td>This paper mainly discusses the strategies for the economic development of the Islamic countries, to understand better what economic development is, it is necessary to understand the definition of some terms such as economy, strategy, economic strategy, and Islamic economy. After the definition of the terms, the paper discusses some characteristics of a strategy that can work for a country or an organization, objectives of economic strategy, and characteristics of economic strategy which says that a strategy should be inclusive, directed to an open system, should be mandatory time based, should be clear and persuasive, make sure the participation for all, should pass the stages of making strategy, have to be flexible and should allocate resources. After that, the topic discusses 6 kinds of economic strategies that countries use for their economic development such as monetary strategy, open economy strategy, manufacturing strategy, the green revolution strategy, redistribution strategy, and socialist development strategy. Then the paper discusses an understanding of welfare and it generally includes the basic needs of a human, and then the paper mentions some points about the economic welfare according to Islam, that Islam encourages us to work and have the commitment for developing the world as we are also ordered to worship Allah and make our life better in the hereafter life, and finally I finished the discussion by a conclusion from the paper.</td>
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INTRODUCTION

In the context of Islam, the ummah means a Muslim community without considering nationality, region, and color of the skin. Economic development is aimed at people’s welfare and the level of success depends on the hard work of the governments and the strengths of people’s involvement. Nevertheless, now the Muslim Ummah is divided to separate regions, and countries, in this case, each leader and people are obliged to work for the economic development of their country and region.

For example, Indonesia is the biggest Islamic country in the world, and Muslims are the majority in this country. Now it is the responsibility of the government and people to work together for the development of their economic situation because the success of economic development also means the success of people, countries, and the government. When people in the Islamic world worked hard and understand the role and values of economic development in their societies then they will find a basic way to reduce poverty and step on for the development of their countries. At fact, poverty is a social perception that shows the incapability of a community and people to shift their life position toward the
rising social standards of life in their community and increasing access of individuals to the basic needs of life caused by economic failure. Humans in economic development are the focus as well as a recipient of the results of development. Thus, the empowerment of both men and women is very important and is a serious effort that leads to people's involvement in the development processes.

LITERATURE REVIEW

The term economy has many definitions and one of them is the definition that the Cambridge dictionary defined it as the system of trade and industry by which the wealth of a country is made and used. A strategy is an equal word of (stratégie) in French, on the other hand, some scholars believe that the root of the term strategy refers to a Greek word Strategos, which means the art of leadership and management of wars and battles, and this indicates that the use of the term (strategy) was first in the military field as the commander of the military was using some tactics according to his power to achieve victory over his enemies. Similar to this definition the Cambridge dictionary has defined the word (strategy) as: a detailed plan for achieving success in situations such as war, politics, business, industry, or sport, or the skill of planning for something. The most acceptable and comprehensive definition is the one that Mintzberg came up with and defined it as plan, maneuver, model, and a way to achieve a situation, envision a future destination.

The term economic strategy defined as a relatively new and rapidly developing area of economic consulting, involving the application of economic principles and methods to provide clients with unique insights aimed at addressing specific issues/problems and/or enhancing their long-term performance. Islamic scholars defined Islamic Economy as: the knowledge and application of injunctions and rules of the Shariah that prevent injustice in the acquisition and disposal of material resources to provide satisfaction to human beings and enable them to perform their obligations to Allah and the society.

Each strategy that is going to be implemented or used in a field of life it must have some characteristics, these characteristics can help the implementer, manager, the employees, and the employer to act well and achieve what they want. Here I will mention some of the characteristics that should exist in a strategy:

1. The strategy should be Inclusive. Since the strategy is the insight that an organization wants to achieve in the future, this insight must cover a comprehensive and inclusive agenda of the organization, so that all aspects, behaviors and Company practices are covered.
2. Directed to an open system. Each organization is an open system that exists in an external environment and consists of a structure of marketing, production, human resources, etc. which are integrated and are coherent with each other. All of them work to achieve the main goal they have; this strategy is accompanied by its future vision and works to study and review. This system has different sections and is directed to ensure that this understanding is achieved.
3. Should be Mandatory Time Based; the timing of a strategy is very important for an organization, workers, and beneficiaries. Therefore, each strategy must be formulated and applied at the right time.
4. Clearness and Persuasion: The objectives of each strategy should be clear, and it should be in a situation where there is not any concern of resistance or conflict of objectives.
5. Guaranty Participation of All: To have a successful strategy, an organization needs to involve his employees and other people who need to be involved in the process of making strategy. The counseling process is useful for the organization because the counseled people will think that they have fulfilled their role and their affiliation with the institution.
6. Should Pass the Stages of Making strategy: Some scholars think that there are three stages for making a strategy which consists of Drafting, implementation, and oversight. To have a successful strategy, each strategy must pass these steps.
7. Flexibility: The organizations and institutions are not in one situation, sometimes they need to change the timing for some projects or some other things, therefore, the strategy should be flexible.
8. Allocation of Resources: The strategy shall allocate the resources of the institution according to the objectives it has.
RESEARCH METHOD
This paper constitutes a literature review utilizing a descriptive qualitative approach to explain Empowering the Ummah: Innovative Economic Strategies for Development. The research methodology involves data collection through documentation, including various articles and books. Subsequently, content analysis is employed to analyze the descriptive data and scholarly analyses of the premises. The data analysis methods utilized include deductive, inductive, and comparative approaches.

RESULT AND DISCUSSION
Objectives of an Economic Strategy
Economic strategies have many objectives and goals, here are some of them as follows:
1. To decrease unemployment, achieve economic stability, and improve living standards for all.
2. To build a highly skilled and flexible workforce.
3. To focus on improving existing local businesses.
4. To increase the number of small companies in the region by encouraging local entrepreneurship.
5. To recruit companies that are suitable for the area, a highly skilled workforce is needed that is willing to train an emerging and growing workforce.
6. Finding the economic needs of the unemployed people in the region, and encourage programming such as enhancing education and retraining people to achieve these goals.
7. Preserving of the region as a tourist destination.
8. Protect and encourage the historical assets of the region.
9. Strengthening the local tax base.
10. To build and maintain housing and transportation, communication, and utility systems that support and encourage quality development.
11. Support, preserve, and further improve infrastructure, technology systems, and offer proper access and capability to current and anticipated needs.
12. To provide land that is ready for commercial and industrial development.
13. Promote environmentally sensitive development.

Categories of Economic Strategy
There are some categories for the strategy, and each of them used according to the need of each organization and institution. Here are some of them: First. Parent Strategy: It is an explicit long-term strategy for a company, which contains the full formulation of vision, mission, and objectives. The master strategy is typically a strategic plan to look at the organization for a minimum of five years. By this strategy, the organization will look for activities that are related to its abilities and opportunities. Second. Generic Strategy. This strategy is called the core idea for the institution because it is related to the business’s efforts to compete as best as can on the market according to the strategies made in the Generic strategy of the company. Third. General Strategy. The general strategy applies for coordinated actions, and sustainability expected to achieve by an institution or organization, and Fourth. Functional Strategy. It refers to activities that produce goods or services and become a core function of each company such as marketing and financial occupations.

Types of Strategies Countries use for Economic Development. Over the past few decades, different countries have implemented different economic strategies to suit their economic and social conditions, opportunities, administrative, and structures of their government. These strategies are not completely announced, but experts analyzed and studied government policies and programs, and it determines which country has chosen which strategy. Here I will mention some of the strategies they used: First. Monetary strategy. It concentrates on strengthening the market and guides to improve resource allocation in the market. Usually, this strategy is applied during a critical condition, in which economic stability and adjustment of severe imbalances are a high priority of a country. Monetary strategy implements in the most economically advanced third world countries that depend on private industry.
In this strategy, the role of the government has been reduced and is limited to providing a stable economic environment in which the private sector can thrive, *Second. Open-Economy Strategy*. This strategy also depends on market forces and the private sector in which they play a prominent role but concentrating on rules that directly affect the foreign trade sector, such as exchange rate rules, tariff regulations, and quotas. *Third. Manufacturing Strategy*. The focus of this strategy is on growth, but unlike the monetary strategy, the immediate focus is not on the short-term efficiency of resource distribution but the gross domestic product (GDP) growth rate. And this is achieved by three things: (a) Production of industrial consumer goods mainly for local markets, (b) Concentration on developing capital-producing industries, and (c) Sector-oriented and Export-oriented industry (a mixture of indicative planning and direct and indirect government assistance). The main purpose of this strategy is to raise the level of capital formation, obtain new technologies, and thus inspire the growth of many large urban areas.

*Fourth. The Green Revolution Strategy*. This strategy concentrates on agricultural growth. One of the goals of this strategy is to increase food supplies, as the most important wage product. The additional supply of these products will decrease the relative price of food and thus reduce basic labor costs. Lower costs per business unit will increase the overall level of profits in non-farm activities, leading to increased savings and investment and higher rates of overall growth. The second objective of this strategy is to directly assist industry especially those in rural areas by motivating demand for agricultural inputs and intermediate capital goods and creating a larger market for consumer goods. The main purpose of this strategy is to alleviate the poverty of the crowds in different ways such as: (a) It is believed that the poor will directly benefit from greater food availability, (b) Because of the increase in agricultural production, there will be more jobs in agriculture, (c) As a result of increased income, there is a growing demand for non-food consumables that will create more jobs in non-agricultural and urban industries, and (d) With this strategy, real wages will increase in both urban and non-urban areas, which will ultimately lead to fairer income distribution.

*Fifth. Redistribution Strategy*. It can be said that this strategy started from where the strategy of the Green Revolution ends, with the aim of direct improvement of the redistribution of income and wealth. This strategy is prioritized directly by groups. It benefits the low income, designed to tackle the problem of poverty. There are three approaches to this strategy and they are as follow: (a) The emphasis on creating more employment or more productive employment for the poor and working people; (b) The redistribution of part of the left-over income generated by the country’s growth among the poor; and (c) Is to meet basic needs such as food, clothing, housing, and health programs, and primary education, which implicitly gives the poor more political and economic power.

Also, it should Increase the participation of the poor in the management of society and organize them into social and political groups. This strategy is in response to the failure of growth-oriented strategies to reduce the number of poor or improve living standards. The main purpose of this strategy is to improve the distribution of income and wealth through direct government intervention. Prioritizing the need for the poor and creating a more just society. This strategy has five main elements: (a) Redistribution of initial assets, (b) Creation of local institutions to engage people in the development process, (c) Investing in Human Resources, (d) Employment Development, and (e) Rapid and sustained growth in per capita income. The followings are important to adopt this strategy: (a) Identify the vulnerable mechanisms for redistribution of wealth and opportunities. (b) Paying more attention and strengthening of rural and industrial cooperatives, (c) Strategic control of the distribution process, and (d) Directing the distribution of wealth and opportunity audiences to the channels of productive economics for value creation. *Sixth. Socialist Development Strategy*. What distinguishes this strategy from other strategies is to reduce the role of private ownership of production. Also, in agriculture, there are government, community, cooperative, and community farms, although, in some countries, such as China, rural land is cultivated individually by rural families.

**Important Strategic Elements in Achieving Prosperity**

Umar Chapra mentioned 4 elements of a strategy that must be implemented if you want to achieve the objectives of Islamic economic development: (1) The pricing methodology presents ethics as a filter to
change the scale of human preferences to adhere to social preferences, (2) Encouraging individuals to serve social interests, (3) Creating a situation that helps to implement these values, and (4) The government needs to make a positive and proactive role in monitoring and resolving issues arising from social and economic problems.

**Understanding Economic welfare**

The main objective of the Economic development is the welfare for the people’s life, in this context, the welfare means that a person in his life free from poverty, ignorance, fears, or worries so that his life is safe. Similarly, The Merriam-Webster dictionary defines the term (welfare) as *the state of doing well especially in respect to good fortune, happiness, well-being, or prosperity*. According to Friedlander, social welfare is an organized social service designed to help individuals and groups to achieve an adequate standard of living, health, personal and social relationships so they can develop the ability and well-being of themselves and their family. All the definitions and meaning of the term (welfare) indicates that social welfare demands fulfillment of human needs which include primary needs, and secondary needs. Primary needs include food, clothing, shelter, healthcare, and safety. Secondary needs include obtaining resources of transportation such as bicycles, motorbikes, cars, information and telecommunication such as radio, television, telephone, internet, and etc.

**Economic development in Islam**

Islam as a comprehensive religion, its injunctions come from Allah and Prophet Mohammad (PBUH) and considers both parts of human life: the life of a Muslim in this world and it’s a big part of the Islamic Jurisprudence and life in the hereafter. Allah encourages us in the Quran 77. *But seek, through that which Allah has given you, the home of the Hereafter; and [yet], do not forget your share of the world. And do good as Allah has done good to you. And desire not corruption in the land. Indeed, Allah does not like corrupters.* [al-Qasas 28:77].

It shows that Islam does not preach just for the life of hereafter but it also encourages us to work for the development of our life in this world. Also, many verses of the Holy Quran encourage and command us to build and construct this world. Islam emphasizes observing ethics in every aspect of life. Economic development cannot be separated from ethics because ethics teaches how we must think and do things within two limits, namely right or wrong. The first Islamic ethic is monotheism which means that everything in this world comes from Allah. Humans who are truly devoted are human beings with high morality which are expected to be the basis in carrying out the mission mandated by Allah. The second ethics is the responsibility which means that everyone was created by Allah on this earth as a leader and every leader will be held responsible for what he leads. Similarly, Allah gave the command to humans to prosper the earth.

For that, humans are ordered to work to change their lives. Economic development is a process of extracting natural resources involving human, scientific, and technological resources to provide benefits of higher value to humans. Economic development is successful if it can overcome three main problems: Poverty, Unemployment, and Inequality. Islam has a clear view of the property and economic activity. This view can be described as follows: (a) The absolute owner of everything on this earth, including property, is Allah. Ownership by humans is only relative, limited to carrying out the mandate of managing and utilizing following His provisions, (b) The status of assets possessed by humans are: as a trust from Allah, humans are only trustees, as a test of faith. This mainly concerns how to get and use it, whether following Islam or not, and (c) as a provision of worship, namely to carry out his commands and carry out mu'amalah among fellow human beings, and through the activities of Zakat, Infaq, and Sadaqah, (d) Ownership can be done through business or halal livelihood, (e) Prohibited from seeking wealth, trying or working that can forget about death not remembering Allah with all his provisions, forgetting prayer and Zakat, and concentrate wealth only on a group of rich people, and (f) Prohibited from engaging in illegal business, such as gambling, selling and buying prohibited goods, stealing, through false and harmful methods, and bribery.

**The Goals of Islamic Economy**
To develop Islamic countries, the Islamic Economy must be based on several philosophies that are following Sharia rules to help humans meet their daily needs. Islamic economics must correspond with Maqashid Shari'ah to bring justice and remove inequality and injustice in society. To bring justice and complete prosperity: Prosperity and welfare in the concept of the contemporary world is a condition where a person can meet basic needs, both the needs for clothing, food, and housing, and to continue their education and have adequate work that can support their quality of life. While welfare in the Islamic view must be able to realize the five objectives of the Shari'ah itself, namely faith, soul, reason, descent, and wealth and it should not be just for this world but it should be for the life of the hereafter.

**Characteristics of Islamic Economic System**

Islamic economic system has many Characteristics and here are some:

1. It is not just for Muslims but for the broader community who live in Islamic territory, many verses of the Qur’an call for the use of an Islamic economic framework include: “Eat and drink from the blessings given by Allah and do not roam the earth by doing damage.”
2. Justice: Islam aims to form a society with a solid order. In that order, each individual is bound by brotherhood and love like a family.
3. Fairness of Income Distribution: The income and natural capital inequality in society are contrary to the spirit of Islam to brotherhood and socio-economic justice. Inequality must be eliminated or overcome using methods emphasized by Islam. Among them is:
   a. Eliminating monopolies, except by the government for certain fields
   b. Assurance the rights and opportunities for all, to be active in the economic process.
   c. Assurance of the basic needs for all.
   d. Carrying out the mandate of al takaful al Ijtimai or social-economic security insurance where those who can help those who are unable.
   e. Islam justifies a person having more wealth than others as long as the wealth is obtained correctly and the person concerned has fulfilled his obligations for the welfare of society, both in the form of Zakat, Infaq, and Sadaqoh.
4. Individual Freedom in the Context of Social Welfare: Islam recognizes the universal view that individual freedom is limited by the individual freedom of others.

**CONCLUSION**

In Conclusion, there are many strategies for the development of the Islamic economy and Muslim countries. The majority of the strategies which the Islamic economy chooses for the development of the Ummah are either from the Quran or the Hadith of the Prophet Mohammad (PBUH) or unless they are not against the principles of Shariah. These strategies if used correctly and in a good manner the Islamic countries will develop economically. Also, the other aspect which is very important for the development of Islamic countries is the commitment and role of the people in the development of their countries besides their governments. People are encouraged to work for both their lives in this world and for the life of the hereafter. Islam is not against all other strategies that have been used by the west or east it welcomes all the strategies for the development of society unless they are not against the core principles of Islam.

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