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Reconstructing the Concept of Baitul Mal as the Foundation of the Islamic Welfare State

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Abstract

Introduction: This study examines the concept of Baitul Mal as a foundation of the Islamic welfare state by reconstructing the thought of Rif'at al-Sayyid al-'Awadhi and examining its relevance to modern public financial management. **Research Methods:** This study employs a qualitative library research approach. Min al-Turāth al-Iqtiṣādī lil-Muslimīn by Rif'at al-Sayyid al-'Awadhi serves as the primary source, supported by classical and contemporary Islamic economics literature. Data were analyzed using content analysis through unitization, coding, data reduction, and inference drawing. **Results:** The findings indicate that Baitul Mal functions not only as an institution for managing state revenues but also as a fiscal instrument for wealth redistribution through zakat, kharāj, jizyah, ghanīmah, and fay’. Its institutional framework reflects the principles of distributive justice, fulfillment of societal needs, and public welfare. The study further finds that effective management of Baitul Mal requires transparency, accountability, and public trust. **Conclusion:** Baitul Mal is a comprehensive Islamic fiscal institution that promotes wealth redistribution and social welfare. Its reconstruction provides a framework for strengthening modern public finance through Islamic social finance and accountable governance.

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INTRODUCTION

Baitul Mal is functioning to ensure that all individuals, especially those less able to accept necessary support, have access to welfare and justice in Society. According to Abu Ubaid al-Qasim bin Salam in his monumental book, *Kitab al- Amwal*, Baitul Mal functions as an instrument For manage riches public wealth sourced from zakat, kharaj, and jizyah, which must be distributed for the common good of people without discrimination (Bin Salam, 1986, p. 26) . In line with matter said, Abu Yusuf in the *Book of al-Kharaj emphasizes* that the role of Baitul Mal is not just a manifestation, but rather a means to prevent poverty and ensure that public infrastructure is available for the smoothness of people's lives economy (Abu Yusuf, 2010, p. 112) . More continued, al- Mawardi in *Al-Ahkam al- Sultaniyyah* (pages 240-242) explains that the existence of Baitul Mal is a pillar of political and social stability, where the state is obliged to ensure rights of the poor as part of the contract social religious (Al-Mawardi, 2006, pp. 240–242) . Third thinking classic. This shows that Baitul Mal is the foundation of an Islamic welfare state that integrates the spiritual aspect of zakat with obligation state management to create justice inclusive, and holistic.

However, the reality that unfolded at the beginning of 2026 presents a stark paradox to the ideal of Baitul Mal as a protector of the poor. Based on the report investigation (Kompas.com, 2026) (Kompas.com, 2026), found indication of misuse of aid funds, social and Islamic philanthropy by individuals, bureaucracy at the local level, which causes thousands family underprivileged to lose access to right base they are in the middle fluctuations in economic phenomenon This is aggravated by news from Detik Finance (Finance, 2026) (February 2026) which highlights low index digital transparency in the management of community funds, so that it triggers public interest in channeling funds through formal institutions formed by the government. Meanwhile, the narrative on social media Tempo.co (Tempo.co, 2026) revealed the existence of unequal allocation, where social funds are absorbed by operational institutions rather than by empowerment programs, the economy, real public root grass (Tempo.co, 2026). The third national news this year, 2026, indicates an integrity crisis and managerial distortion in the implementation of the concept of modern Baitul Mal, which, if left unchecked, will destroy the legitimacy of the Sharia economic system in the public eye.

Incident or loaded events in the media mentioned above are important issues researched and a solution, if not, will have an impact on: 1. Weakening public trust (*public trust*), which is systemic lower potential of national Islamic social fundraising (Masdar et al., 2022, p. 45) ; 2. Failure function redistribution of wealth that results in poverty becomes increasingly absolute and structural in marginal areas (Vogt, 1980, p. 138) , and 3. c. Synthesis from impacts confirms that, without the reconstruction of the governance of Baitul Mal, an ideal welfare state in the Islamic frame will only become utopian jargon, while an unequal economy will keep widening the consequences of institutional failure in distributing wealth in a fair way.

Based on the *book review* and previous results study, the solution on problem mentioned above is an important understanding, thinking Rif' at al-Sayyid al' Awadhi in the book *Min al- Turāth al- Iqtiṣādī lil-Muslimīn,* who offers integration mark inheritance economy classic with instrument policy fiscal contemporary. Al-Awadhi 's thinking emphasizes that Baitul Mal must act as an institution that is autonomous and combines sharia supervision with efficiency, technocratic (Al-Awadi, 1989, pp. 110–125) . The importance of reconstruction. This is supported by findings that state that strengthening Islamic social institutions is key to a resilient economy in the face of crisis (Ascarya & Masrifah, 2022, p. 12) . In addition, Yusuf et al. (2022) confirmed that efficient zakat institutions are highly dependent on the adoption of transparent technology (Yusuf et al., 2022, p. 210) . Abdillah (Abdillah et al., 2023, p. 45) also emphasized the need for the reactualization of the law of public Islamic economics in state policy, while studying (Fitria et al., 2025, p. 18) Showing that the distribution model is appropriate can, in a way, significantly reduce the index gap. Finally, (Istiqomah et al., 2025, p. 92) Confirm that integrating fiscal zakat into macro policy is the solution for sustainable welfare. Al-Awadhi's thinking provides a road map for transforming Baitul Mal from just traditional amil institutions to modern institutions of fiscal justice.

Based on the description mentioned above, the article This will describe Baitul Mal as the Foundations of the Islamic Welfare State: Reconstruction Theoretical from *Min al- Turāth al- Iqtiṣādī lil-Muslimīn* and its Implications for Modern Policy, which includes: How the framework of the basis of Baitul Mal as an Institution, Fiscal and System Reception Country? How does Function Redistribution and Social Justice work in the Baitul Mal System? How does the role of the State and the Principles of Governance play in the Management of Baitul Mal? This article is expected capable give contribution to academic development for the Islamic public economy and provide practical recommendations for manager institution philanthropy and authority fiscal national For realizing the desired welfare state in an inclusive and sustainable. The importance of collaboration among institutions, philanthropy, and government in managing Baitul Mal cannot be ignored, as synergy can increase the effectiveness of the distribution process.

RESEARCH METHOD

Study This uses a qualitative approach with a type of study literature (*library research*) that studies scientific literature as the main For analyze concepts, theories, and thoughts in a systematic and critical way (Bond et al., 1996, p. 117; Gardner, 1992, p. 214). This method focuses on exploration, evaluation, and synthesis critical to text without observation in the field, which, according to Creswell & Poth (Creswell, JW, & Poth, 2018, p. 193), is very effective for reconstructing construction concepts from work, classic and contemporary, regarding Baitul Mal in the framework of the *welfare state*. Primary data sourced from the book *Min al- Turāth al- Iqtiṣādī little Muslims* work Rif'at al-Sayyid al-'Awadhi, which contains an analysis of historical management, finance, and Islamic, supported by secondary sources in the form of journals and books relevant For enrich perspective, theoretical, as well as a comparison of contemporary.

Data analysis techniques applied are content *analysis* for identifying and interpret meaning of text in a way objective through a systematic approach, which includes unitization, sampling, coding, data reduction, inference, and compilation narrative scientific report (Billedeau & Wilson, 2023, p. 179; Campos, 2004, p. 118; Kyngäs, 2020, p. 78). To guarantee academic credibility, research. Implementing validity strategies, such as conceptual comparison literature, triangulation source For minimize interpretation bias, as well as reliability analysis that ensures consistent coding (Komor & Grzyb, 2023, p. 36). Consistency was tested through inter-coder agreement with the coefficient *Krippendorff's Alpha*, which produced an objective, systematic, and reliable analysis accountable in a scientific way (Kuckartz, 2019, p. 39). The entire analysis process was implemented with notice standard reliability and validity so that the results are objective, consistent, and accountable in a scientific and credible academic way.

RESULT AND DISCUSSION

1. **Baitul Mal as an Institution, Fiscal and System State Revenue**

In a discussion about system finance Islamic public, Rif' at al-Sayyid al -' Awadhi explains that Baitul Mal is institutions state fiscal which has a strategic role in the collection and management of public income. This institution not only functions as a place of storage for national wealth, but also as a device for administrative management of various source state revenues such as zakat, kharāj (tax), land, jizyah, ghanīmah, and fay' (Al-Awadi, 1989, pp. 110–125) . Thus, Baitul Mal has the characteristics of a public treasury in a modern fiscal system, because it functions to arrange the flow of state revenue and, at once ensures distribution for social interests. Perspective This shows that since the classical, Islamic economics has known system management, finance, organized and principle - based public justice, and distributive. This confirms that in traditional Islamic economics, management fiscal is not only a natural administrative function but also normative, based on the principle of public welfare as the main sharia.

Analysis to be drafted in line with the theory of Islamic public finance, which places the state as the manager, source of Power, and collective society. Within this framework, Islamic fiscal policy comprises two main functions: the mobilization of public revenue and the allocation of the state budget for the benefit of the community. Empirical research also shows that the concept of Baitul Mal is relevant to modern fiscal management. For example, Yasni and Erlanda (2020) show that integrating zakat into the national fiscal system can increase the effective redistribution of income and strengthen the community. In addition, other sources confirm that, in Islamic history, fiscal policies through Baitul Mal play a role in safeguarding economic stability and providing a source of state financing. Other studies also show that integrating taxes and zakat can increase fiscal efficiency and expand the state. Thus, the system-state revenue in Islamic economics has the potential to become an alternative model in management finance, more inclusive and socially welfare-oriented.

Based on various study the can synthesize that Baitul Mal is foundation institutional for system finance functioning, Islamic public collect and manage state revenue in a general systematic. System revenues, including zakat, kharāj, jizyah, and other sources, form a diverse and sustainable fiscal policy. Within the framework of contemporary Islamic economics, this system can be understood as a combination of *redistributive taxation* and *Islamic social finance*. Integration between the instrument state, fiscal, and financial Islamic social institutions, such as zakat and waqf, can create a better, more inclusive, and stable economy (Mustamin et al., 2025, p. 112; Shaikh, 2023, p. 89) . Concept is also in line with the view that the Islamic fiscal has an objective main goal to create a balance between economic growth and social justice (Askari et al., 2014, p. 212) . Thus, reconstructing the concept of Baitul Mal in the modern context can contribute to policy model development, value-based fiscal ethics, and public welfare.

2. **Function Redistribution and Social Justice in the Baitul Mal System**

Al-'Awadhi explains that one of objective The main Baitul Mal is to realize social justice through mechanisms of wealth redistribution. Funds collected from various source state revenue are then allocated to group communities in need, such as the poor, as well as used for financing public and welfare social programs (Al-Awadi, 1989, pp. 110–125) . From the perspective of Islamic economics, distribution is viewed not only as an economic policy but also as a moral obligation aimed at safeguarding the balance of society. Therefore, the Baitul Mal system was designed to prevent concentration of wealth in certain groups and ensure that the source of power in the economy can be utilized by the entire community. The principle shows that the redistribution of wealth is an integral part of the system of Islamic economics, which aims to create a collective welfare.

Empirical study contemporary show that instrument redistribution in Islamic economics has impact significant to subtraction inequality economy (Kamal et al., 2021, p. 256). Diallo and Gundogdu's (2021) research shows that zakat, infak, and waqf contribute to the improvement of mobility and social as well as economic inequality in the economy through the community (Diallo & Gundogdu, 2021, p. 421). In addition, Makhrus et al. (2023) found that the zakat program managed by the zakat collection institution is capable of increasing public access to education and economically productive activities (Makhrus et al., 2023, p. 201). Other studies also show that professional zakat management can increase the welfare of mustahik and strengthen local development (Nasution et al., 2025, p. 77). Research in the field of finance and social sciences also emphasizes that integration between zakat and waqf can strengthen the system of redistribution economy, as well as expand the impact of social policy from the state (Shaikh, 2023, p. 97).

Various studies show that the mechanism of redistribution through Baitul Mal is strong in the context of a modern economy. This can serve as an instrument to reduce income inequality and improve public welfare by distributing power more equitably. In theory, Islamic economics views redistribution as a mechanism to ensure that a growing economy benefits not only a certain group but also the public at large. Thus, the redistributive function of Baitul Mal can be understood as part of the Islamic welfare state system, which emphasizes the state's role in ensuring societal welfare. Integration among the instrument, fiscal, and financial Islamic social spheres also shows that the welfare model in Islamic economics has unique characteristics, as it is based on moral values, solidarity, and general welfare goals.

3. **The Role of the State and Principles of Governance in the Management of Baitul Mal**

Al-'Awadhi emphasized that the success of the Baitul Mal system depends not only on structural fiscal factors but also on the underlying governance principles and management. Public financial management must be based on the principles of trust, transparency, and accountability. The state does not provide sufficient assurance that all income collected through Baitul Mal is used effectively and efficiently for the public interest. These principles show that governance of the public in Islam has a strong moral dimension, as public management is viewed as a mandate that must be accountable to society and to God. Therefore, the integrity of the state apparatus becomes important in ensuring the success of management of welfare-oriented public finance. (Al-Awadi, 1989, pp. 110–125) .

In the study of contemporary Islamic economics, (Anđelković et al., 2024, p. 13) . Hasan and Muneeza's (2022) research shows that governance that is transparent and accountable is an important factor in increasing trust of the public in the Islamic institution social fund managers (Hassan & Muneeza, 2022, p. 156) . In addition, research by Widiastuti et al. (2021) showed that strengthening governance of zakat institutions can increase the effectiveness of empowerment programs in the community economy (Widiastuti et al., 2021, p. 104) . Other studies also show that professional management of Islamic social funds can increase the impact of the state's social policy fiscal (Samsudin et al., 2024, p. 212) . The findings show that principles of good governance are a condition for the success of a public sharia-based system.

Based on the study, one can conclude that the governance of Baitul Mal must be integrate moral, institutional, and professional dimensions. Systematic and transparent management will increase the effectiveness of the distribution of wealth as well as strengthen the legitimacy of the state in operating the welfare social function (Natision et al., 2022, p. 89). From the perspective of modern Islamic economics, strengthening governance is also related to integration between the system, state fiscal and instruments, finance social programs such as zakat and waqf (Arief & Reyza, 2023, p. 44). Kociemka (2020) explains that development system financing an inclusive Islamic public requires strong governance in order to be able to create a balance between economic stability and social justice (Kociemka, 2020, p. 220) . Thus, Baitul Mal can be understood as institutions that not only owns a fiscal function but also as a governance mechanisms economy based on moral values and public welfare goals.

CONCLUSION

The study concludes that Baitul Mal is a foundational institution of the Islamic welfare state, functioning as a fiscal and redistributive instrument through the management of zakat, kharāj, jizyah, ghanīmah, and fay’. In Rif‘at al-Sayyid al-‘Awadhi’s perspective, its fiscal framework reflects the principles of distributive justice, public welfare, and systematic wealth redistribution. These principles demonstrate the relevance of classical Islamic fiscal thought to contemporary public finance, particularly in integrating state fiscal policy with Islamic social finance.

The study further finds that the effectiveness of Baitul Mal depends on transparent, accountable, and trustworthy governance. Therefore, its reconstruction within the modern public finance system should emphasize stronger integration of Islamic social finance, effective supervision, and digital management to improve distribution and accountability. This approach positions Baitul Mal as a relevant conceptual framework for developing an inclusive and equitable welfare system based on Islamic economic principles.

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