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The Relevance of Ibn Khaldun's Economic Cycle Theory to the Role of Zakat in Indonesia

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ABSTRACT

In al-Muqaddimah, Ibn Khaldun presents a theory of the cycle of civilization that emphasizes the close relationship between distributive justice, social solidarity (asabiyyah), and the role of the state in maintaining economic balance. In a contemporary context, zakat is viewed as an Islamic fiscal instrument capable of reducing social inequality and supporting sustainable development. This study aims to analyze the relevance of Ibn Khaldun's theory of the economic cycle to the development of zakat in Indonesia during the 2020–2024 period. The research method employed a Systematic Literature Review (SLR) and quantitative descriptive analysis based on Scopus and SINTA literature, reports from BAZNAS and Puskas BAZNAS, as well as data from BPS. The results show an increase in zakat collection from Rp14.04 trillion (2021) to Rp39.5 trillion (2024). The number of zakat contributors also rose from 10.7 million to 28.1 million people, and the number of zakat recipients who escaped poverty increased significantly from 577,138 individuals (2023) to 1,350,227 individuals (2024). Nevertheless, zakat collection has only reached approximately 12.1% of the potential annual amount of Rp327 trillion. These findings reinforce the relevance of Ibn Khaldun's theory that the fair distribution of wealth is key to maintaining the stability of the economic cycle. This study contributes to the literature on Islamic economics by demonstrating the role of zakat as an instrument of economic inclusion in Indonesia. The government's current focus is on Micro, Small, and Medium Enterprises (MSMEs).

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1. INTRODUCTION

Indonesia, home to the world's largest Muslim population, views zakat not only as a religious obligation but also as a socioeconomic tool for reducing poverty and strengthening social justice. The 2020–2024 period is a critical time to examine the role of zakat in Indonesia. The COVID-19 pandemic has caused widespread economic disruption, leading to increased unemployment, vulnerability, and inequality. In response, national zakat institutions such as BAZNAS and various Zakat Collection Agencies have intensified emergency aid and productive zakat programs, while also adopting digital platforms for collection and distribution. BAZNAS reports during this period highlight measurable contributions to poverty alleviation and community empowerment, demonstrating that zakat has functioned not only as aid but also as a mechanism for development. At the same time, classical economic thought provides a valuable theoretical lens for analyzing these developments. Ibn Khaldun (1332–1406), through his seminal work Al-Muqaddimah, put forward the concept of an economic cycle driven by the interplay of fiscal policy, social solidarity (ashabiyah), productivity, and governance. He argued that the redistribution of wealth through mechanisms such as zakat and taxation is essential for maintaining prosperity and preventing social decline. Recent studies confirm that Ibn Khaldun's ideas remain highly relevant to contemporary challenges related to inequality, the concentration of wealth, and the role of institutions in regulating markets [1].

Previous research highlights both the importance and the limitations of existing studies. Early contributions such as Muhammad Nejatullah Siddiqi [2] and Chapra [3] emphasize Ibn Khaldun's holistic understanding of markets, productivity, and distributive justice, though mostly at a theoretical level. More recent research applies his framework to modern contexts. For example, [4] examines the relevance of Khaldun's economic cycle in understanding national recessions, highlighting the interconnections between governance, fiscal policy, and social cohesion [5] analyze Khaldun's ideas from a socio-historical perspective, underscoring the interaction between social and economic dynamics. Empirical studies, in particular, offer valuable insights: a study [6] shows that Malaysia's national zakat system reduced poverty by 5.1% in 2022, reinforcing Ibn Khaldun's assertion that redistributive mechanisms directly contribute to social justice and economic stability; similarly, [7] highlight the contribution of Ibn Khaldun's thought to Indonesia's economic development; [8] outline Ibn Khaldun's economic cycle and its relevance to global crises; [9] emphasize the effectiveness of productive zakat in poverty alleviation. However, despite this progress, significant research gaps remain. Most existing studies tend to be historical, conceptual, or regional in nature, so their contributions are still limited to a normative understanding of zakat and Ibn Khaldun's thought. Empirical studies that place zakat within the framework of Ibn Khaldun's economic cycle are still rare, particularly in the contemporary Indonesian context. Malaysia has provided empirical evidence regarding the effectiveness of zakat in sustainably reducing poverty; however, there is still little literature in Indonesia that examines the role of zakat as a countercyclical instrument in maintaining economic stability during times of crisis and recovery. Most research in Indonesia still focuses on statistics regarding the collection and distribution of zakat, as well as descriptive program evaluations. Zakat data for the 2020–2024 period is actually very rich, including in terms of collection trends, increased participation by muzaki, and the empowerment of mustahiq. However, this data has not yet been interpreted in depth using Ibn Khaldun's economic cycle framework, which emphasizes three main dimensions: strengthening asabiyyah, creating and maintaining an economic surplus, and preventing a phase of decline caused by distributional injustice. Therefore, there is an urgent academic need to conduct a systematic evaluation of the role of zakat in Indonesia during 2020–2024. The key question is whether zakat truly functions in accordance with Ibn Khaldun's economic cycle theory strengthening social solidarity, maintaining economic surpluses, and preventing the concentration of wealth that could accelerate decline or whether its impact remains limited to short-term charitable aid that has not yet been able to fundamentally transform the socioeconomic structure. By filling this research gap, the study not only enriches the literature on zakat in Indonesia but also offers a broader conceptual contribution to the application of Ibn Khaldun's theory in the context of modern Islamic economics.

2. METHOD

The research methodology used to analyze the relevance of Ibn Khaldun's economic cycle theory to the development of zakat in Indonesia during the 2020–2024 period. The methodology applied was a Systematic Literature Review (SLR) combined with quantitative descriptive analysis based on secondary data.

3. RESULTS AND DISCUSSION (11 PT)

The relevance of Ibn Khaldun's economic cycle theory can be better understood when applied to contemporary zakat practices in Indonesia. His framework suggests that a civilization will prosper when wealth is distributed fairly, the fiscal burden remains equitable, and productive activities are encouraged. Conversely, decline occurs when taxation becomes excessive, wealth accumulates among the elite, and social solidarity (ashabiyah) weakens (Aisyiah et al., 2024). This logic positions zakat as a central redistributive instrument with the potential to prevent economic decline and maintain social cohesion. In Indonesia, zakat has been institutionalized through the establishment of the National Zakat Agency (BAZNAS) and various Zakat Management Institutions (LAZ). During the 2020–2024 period, zakat institutions played a crucial role in mitigating the socioeconomic impacts of the COVID-19 pandemic and supporting recovery. Studies show that zakat distribution significantly reduced poverty during the crisis. (Arbi et al., 2024), for example, found that zakat reduced the poverty rate by 4.14% during the 2020–2022 period, highlighting its countercyclical function in stabilizing household well-being. Similarly, (Inayah et al., 2022) emphasize that productive zakat models such as small business financing, training programs, and community empowerment are crucial for strengthening household resilience and lifting beneficiaries out of poverty.

The connection to Ibn Khaldun's theory lies in zakat's potential to strengthen asabiyyah (social cohesion) by ensuring an equitable distribution of wealth and reducing social tensions caused by inequality. Furthermore, zakat strengthens the economic surplus by empowering productive sectors, thereby sustaining the cycle of prosperity identified by Khaldun. However, recent research also warns of challenges in realizing this potential. (Akbar et al., 2022) emphasize that institutional efficiency and governance are crucial for the effectiveness of zakat, while (Efendi, 2025) highlight persistent management limitations and unequal access to productive zakat. These issues reflect Ibn Khaldun's concern that weak and mismanaged institutions can undermine fiscal instruments and accelerate decline. Thus, zakat in Indonesia between 2020 and 2024 can be interpreted as a practical test of Ibn Khaldun's cycle theory. When managed well and directed toward productive purposes, zakat can enhance social solidarity, generate a surplus, and stabilize the economy in line with the ascending phase of Khaldun's cycle. Conversely, if poorly managed or limited to consumptive aid, zakat risks providing only temporary relief without addressing structural inequalities, thereby failing to halt the downward trajectory. This integrative perspective forms the theoretical foundation for analyzing the role of zakat in Indonesia through the lens of Ibn Khaldun's economic cycle.

4. CONCLUSION (11 PT)

This study shows that zakat in Indonesia during 2020–2024 is highly consistent with Ibn Khaldun's theory of the economic cycle. In line with its emphasis on distributive justice and social solidarity, zakat has contributed to poverty alleviation, social cohesion, and the maintenance of economic stability. A steady increase in zakat collection and the lifting of beneficiaries out of poverty underscore zakat's countercyclical role during crises and recovery. However, the gap between actual realization (12.1% of potential) and full potential highlights institutional and structural challenges. These challenges include limited zakat literacy, uneven public trust, and the need for stronger digital infrastructure. Theoretically, this study reinforces the application of Ibn Khaldun's cycle in modern fiscal instruments by positioning zakat as a stabilizer that prevents the concentration of wealth and economic decline. Empirically, this study shows that zakat can provide short-term relief and long-term empowerment when distributed productively. From a policy perspective, reforms are needed to optimize governance, expand digital zakat platforms, and reorient zakat programs toward productive zakat that fosters surplus creation. These steps will not only enhance the developmental role of zakat but also align practices in Indonesia with Ibn Khaldun's vision of a just, cohesive, and sustainable economy.

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