INFLUENCE OF *HIKMAH* (PRACTICAL WISDOM) ON CROWDFUNDING

Suhaimi Mhd Sarif, Yusof Ismail & Dolhadi Zainudin
International Islamic University Malaysia
suhaimims@iium.edu.my

Abstract: *Hikmah* (practical wisdom) has been an outcome of ethical spiritual knowledge and discretion about abstract and uncertainty. The intensive sharing and engaging with many stakeholders enables the acquisition of *hikmah* (practical wisdom). Crowdfunding relies on trust and credibility of the crowd (wisdom of the crowd). The integration of practical wisdom and wisdom of the crowd provides synergy in crowdfunding. The influence of *hikmah* (practical wisdom) with wisdom of the crowd enhances trust and credibility. This study solicits the views of crowdfunding organizers through personal interviews on the *hikmah* (practical wisdom) experience. The informants argued that the influence of *hikmah* is in the reciprocal engagement with various individuals and members of civil societies. The informants also contended that hikmah found in the spirit of giving through the crowdfunding activities. The findings are limited to the context based on the insights of the informants. The future research should use a case study method for the influence of hikmah from multiple perspectives.

Keywords: Wisdom, *Hikmah*, Crowdfunding, Engagement.

INTRODUCTION

In the past, crowdfunding was for social charity. Social charity manifests action of the faith. Allah said in Surah Al-Mu'minun (23) verse 61: *"it is they who race to do good deeds, always taking the lead."* The term race (*yusaari'un*) implies quick and swift (*sabiqun*) in doing good deeds (*al-khairat*) made them leading (Maududi & Ahmad, 2001; Yaman, 2008; Sarif, 2015). In fact, they would be the first to do the charity in whatever situation.

Racing to do good deeds or *fastabiqul khairat* manifests faith and integrity with a few characteristics, namely integrity (*ash-Shawab*), truthful (*ash-Shidq*), grateful (*asy-Syuk*r), hopeful of Allah (*ar-Raja'*) and afraid of punishment (*al-Khauf*) (Dacholfany, 2014; Sarif, 2015; Nasution, 2019). The believers who are swift in charity are in the mercy of Allah. Allah said in Surah Al-A'raf (7) verse 56: *"Do not spread corruption in the land after it has been set in order. And call upon Him with hope and fear. Indeed, Allah's mercy is always close to the good-doers."*

Now the economic sector is seeking funding from the crowd. Crowdfunding with social causes is not regarded as financing as understood by the economic and business sectors (Babich, Marinesi & Tsoukalas, 2021). In social sectors, it is regarded as a wise and sustainable way to get financial sources for various charitable reasons (Kalkanci, Rahmani & Toktay, 2019). Donors are accepting the good reason to donate in crowdfunding for charitable causes (Petruzzelli et al, 2019). The good reason is always regarded as good which contributes to sustainable performance (Testa et al, 2019).

Besides reasoning approach to rationalise charity cause in crowdfunding, the reasoning is blended with emotional and spiritual dimensions. Without *taqwa* (piety) spiritual dimension in knowledge, the rationality about good consequences in giving for charity may not be sustainable in the situation of information overload (Petchsawang & Duchon, 2012; Khairi & Sinha, 2021; Sarif, 2021). In addition, malpractices and poor governance of some crowdfunding projects and platforms may trigger some questions that led to reduction in credibility and trustworthiness.

In the world of volatility, uncertainty, complexity and ambiguity (VUCA), a good reputation alone is not good enough to reduce the VUCA phenomenon. Rationality may be reduced due to VUCA elements. This situation requires spiritual intelligence to reduce

negative VUCA (volatility, uncertainty, complexity and ambiguity) to positive VUCA (vision, understanding, clarity, agility) (Codreanu, 2016; Yoder-Wise, 2021).

The research problem is thi study is that crowdfunding has been operating on the basis of charity for goodness. However, there is a lack of insights in theory, practice and policy about integrating knowledge, practices, standards and experience into hikmah or practical wisdom. This proposition is not a hypothesis to confirm the truth about hikmah in crowdfunding but a phenomenon that needs an exploration. Thus, this study aims to explore the influence of *hikmah* (practical wisdom) on crowdfunding.

LITERATURE REVIEW

Hikmah is multidisciplinary and holistic with physical, spiritual, emosion, and intellectual dimensions. Yaman (2008) argued that the term hikmah is rooted from Arabic word, *h-k-m*, which means *mana'a* (to restrain), *atqana* (to perfect) and *qada* (to judge). *Hikmah* comprises knowledge (*ilm*), gnosis (*ma'arifah*), intellectual (*'aql*), heart (*qalb*), and comprehension (*fiqh*). Eventually, hikmah enhances the spiritual health of *taqwa* as hope and fear (Bahmani et al, 2018; Sarif, 2016, 2020, 2021). Thus, knowledge (*ilm*) and practice (*'amal*) , prevents or restrains people from injustice (*zulm*), ignorance (*jahl*) and foolishness (*safah*).

Hikmah is beyond logic. Yaman (2008) contended that the manifestation of *hikmah* is about having practical knowledge with wisdom (*al-hikmatu al-'ilmu wa-al-'amalu*). Thus, *hikmah* enhances justice (*'adl*), knowledge (*'ilm*) and forbearance (*hilm*) (able to control nerves and impulse). With *hikmah* (wisdom), makes a person wiser (*hakim*) in decision and action.

Hikmah and Crowfunding

When the society has changed to a network society, the spirit becomes active (Van Dijk, 2020). Raising funds from the generous society becomes easy (Wang & Graddy, 2008; Valanciene & Jegeleviciute, 2013; Saxton & Wang, 2014). According to Wang & Graddy (2008), crowdfunding is a result of good people in the society who have a voluntary spirit to be active in charitable activities.

The key success factors include social networking among generous people who shared common goals for charitable causes. Likewise, the value of crowdfunding has been accepted as part of the financing approach (Martin, 1994; Valanciene & Jegeleviciute, 2013; Zhang, 2013; Sarif, 2021). Valanciene & Jegeleviciute (2013) argued that crowdfunding may be good to raise funds for charitable causes, nevertheless, it has to establish good practice and good governance. In the network era, networks among people allow for extensive charitable activities.

The spirit of giving is virtuous. According to Martin (1994), the basis for charitable giving is from individual values about sharing and giving in any form of charitable cause. The shared values in the society for good cause enhances social participation for charitable giving (Schervish & Havens, 1997; Sarif, 2021). In fact, Zhang (2013) argued that the wisdom behind crowdfunding is about social networking for charitable giving.

Crowfunding is not new to human society. The understanding about giving has been institutionalised for greater impact to the society (Belleflamme, Omrani, & Peitz, 2015). Indeed, the helping behaviour requires integrated work activities (Bendapudi, Singh, & Bendapudi, 1996).

Crowdfunding enables collection of funds from the public. While it can be a platform to raise funds, it allows for information collection for social networking (Da Cruz, 2018). It is important to have constant communication with the charitable society (Guo & Saxton, 2018).

Hikmah in charity is associated with trust and credibility due to the nature of doing charity is and attributes of believers as Allah said in Surah Al-Mu'minun (23) verse 61: *"it is they who race to do good deeds, always taking the lead."* Quick in doing good deeds or *fastabiqul khairat* is a manifestation of trust and credibility in terms of integrity (*ash-Shawab*), truthful (*ash-Shidq*), grateful (*asy-Syuk*r), hopeful of Allah (*ar-Raja'*) and afraid of punishment (*al-Khauf*) (Dacholfany, 2014; Sarif, 2015; Nasution, 2019).

Based on the literature discussion about hikmah (practical wisdom) and nature of crowdfunding, the influence of *hikmah* (practical wisdom) is about ethical spiritual knowledge and discretion about abstract and uncertainty. The intensive sharing and engaging with many stakeholders enables the acquisition of *hikmah* (practical wisdom). Crowdfunding relies on trust and credibility of the crowd (wisdom of the crowd). The integration of practical wisdom and wisdom of the crowd provides synergy in crowdfunding. The influence of *hikmah* (practical wisdom) with wisdom of the crowd enhances trust and credibility.

METHOD

This study aims to explore on the influence of *hikmah* (practical wisdom) on crowdfunding. In doing so, the study uses qualitative research design through personal interviews with identified informants. The researchers have known informants who are practitioners of crowdfunding. They have been in crowdfunding activism for more than five years. The selection of the informants is purposive and known to the researchers (Tongco, 2007; Merriam & Tisdell, 2015; Christou, Hadjielias & Farmaki, 2019). This is part of the nature of qualitative research.
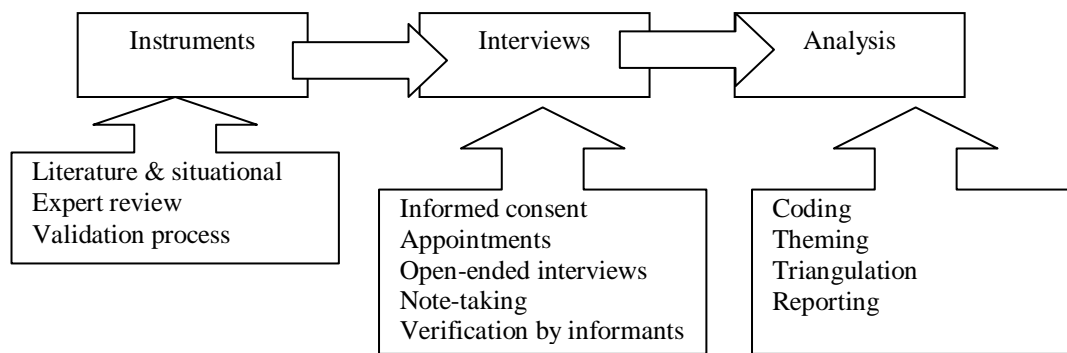
The researchers and the research are closely related. The researchers are also the instrument of the research when the researchers conducted the personal interviews, recorded the interviews, transcribed the interviews and analysed the interview results. The nature of qualitative research requires researchers involved directly at all stages of the research (Merriam & Tisdell, 2015; Christou, Hadjielias & Farmaki, 2019). The personal interview uses an open-ended interview method with free flow of conversation between the researchers and the informants.

The research protocol and research instruments have been validated by independent researchers, as part of triangulation to assure validity, reliability, trustworthiness and transferability. Triangulation is useful for both research methods in qualitative as well as method for validation (Merriam & Tisdell, 2015; Christou, Hadjielias & Farmaki, 2019). In terms of ethics, the researchers have secured informed consent from the informants.

In terms of step-wise, the first step is instrument development. The instrument is developed based on desktop literature review and situation analysis of the context. The researchers approached two subject matter experts to review the draft instrument. The experts found a few items in the instrument are not practical during the personal interview session. The researchers corrected the instrument of the research.

The second step is the research is about the interview fieldwork with five informants. The research secured informed consent, appointment for interview, and field work instruments consented by the informants. After the interview session, the researchers approached the informants to verify the transcribed interview notes.

The third step is the analysis. The researchers read all the interview results for familiarization. Then the researchers coded interview results before making themes and topics. The triangulation of the analysis is essential. The researchers approached other independent reviewers. Figure 1 illustrates the step-wise research process for this study.

```
┌─────────────┐      ┌─────────────┐      ┌─────────────┐
│ Instruments │ ──▶  │ Interviews  │ ──▶  │  Analysis   │
└─────────────┘      └─────────────┘      └─────────────┘
      ▲                    ▲                    ▲
┌──────────────────┐  ┌──────────────────┐  ┌──────────────┐
│Literature &      │  │Informed consent  │  │Coding        │
│situational       │  │Appointments      │  │Theming       │
│Expert review     │  │Open-ended        │  │Triangulation │
│Validation process│  │interviews        │  │Reporting     │
│                  │  │Note-taking       │  │              │
│                  │  │Verification by   │  │              │
│                  │  │informants        │  │              │
└──────────────────┘  └──────────────────┘  └──────────────┘
```

FINDINGS AND DISCUSSION

This part presents the findings on the influence of *hikmah* (practical wisdom) on crowdfunding. The informants were requested to share some good practices and lessons learnt on various crowdfunding activities. From the answers, the researchers probed for explanation. The analysis uses code CF to represent crowdfunder.

CF1 is an entity that has been trusted by a non governmental organization (NGO) to raise funds from the crowd for various charitable causes such as financial assistance for students at various stages of studies. This entity has been in operations for three years. When CF1 was asked what is the main wisdom that CF1 acquired throughout three years in crowdfunding.

Immediately CF1 said: *"a successful crowdfunding campaign is good marketing."* When CF1 was asked to elaborate the meeting of "good marketing" in the practical sense. CF1 said: *"you should be able to communicate your cause convincingly. Not just once to communicate with the donors and potential donors, but to continue to communicate!"*

Good marketing is about socially responsible initiatives (Daniele, 2021) with good networks with key stakeholders (Fehrer & Nenonen, 2020). In addition, it has entrepreneurial attributes (Iives, Stumpp & Michelis, 2020).

CF2 is an independent entity established by a group of professionals who wanted to help the disadvantaged group in the society. CF2 said: *"This is our social obligation to the disadvantaged group of people in our society. We could not just watch them suffering without doing something. In our circle, we have the advantages. This is the time for us to share with them."*

According to Bagheri, Chitsazan & Ebrahimi (2019), the main driver for civil members of the society to help the disadvantaged group through crowdfunding is due to common values to share and care for others. In addition, the charity cause for the society reinforces crowdfunding for various social problems (Li et al, 2020; Sarif, 2021).

When CF2 was asked about the main wisdom behind their many years of having CF2 as an independent crowdfunding entity, CF2 said: *"The 'story' that you tell is important. It has to be appealing, not only just facts. Potential donors should be able to feel the sincerity and understand the impact of their contribution."*

Individual value, attitude and behaviour are essential to sustain the crowdfunding activities (Kim & Hall, 2021; Liu, Chen & Fan, 2021). The wisdom behind continuous charitable activities is due to love, care and hope (Yaman, 2008; Liu et al, 2020; Sarif, 2021). The hope is strengthened with an appealing story.

CF3 as an entity that has raised funds from the public for NGO argued that the main wisdom in crowdfunding is 'message.' CF3 said: *"A strong message should reach the right audience. People that care about the cause and are able and willing to contribute. If you hit*

the right audience, not only will they contribute, they will also help to advocate for your cause. They will help to spread the word to their circles."

Value proposition through messages in the appeal for charitable causes is essential. Li & Wu (2021) argued that the power of message is appealing to donors. In addition, the message provides the situation of the charitable need with facts and evidence (Chen et al, 2016; Tafesse, 2021). The misunderstanding of crowdfunding as a financial mechanism could lead to just economic objectives (Babich, Marinesi & Tsoukalas, 2021; Sarif, 2021).

CF4 argued that constant communication with donors is the key wisdom in crowdfunding. CF4 said: *"provide consistent updates to the donors. Share about the progress of the fundraisers and the activities that the team is doing for the cause. This can increase donors' interest to support the campaign more."* The wisdom behind good communication will increase love, care and hope in charitable causes (Yaman, 2008; Liu et al, 2020; Sarif, 2021).

For CF5, an entity to raise funds for private schools attributed wisdom in crowdfunding as: *"for the sake of amal jariah, trusted, good governance, multiple networking & good rapport."* This approach underlines *hikmah* as practical knowledge with wisdom (*al-hikmatu al-'ilmu wa-al-'amalu*) (Yaman, 2008; Babich et al, 2021; Sarif, 2021).

Table 1: Keywords of *hikmah* (wisdom)

Crowdfunders	*Hikmah* (Wisdom)
CF1	"good marketing"
CF2	"appealing story"
CF3	"strong message"
CF4	"consistent updates"
CF5	"good rapport"

IMPLICATIONS

This study found that the implication for managerial practice is to give personalized values with *hikmah* orientation in the public relations and promotional activities. The influence of *hikmah* (professional and appealing marketing efforts) enhances social exchange among stakeholders for credibility and trustworthiness.

In terms of policy implication, there is a need to strengthen rules and regulations of crowdfunding. The use of financial regulations on crowdfunding could make crowdfunding rigid and inflexible. The hikmah approach to policy for crowdfunding is to encourage organizations to create initiatives to encourage trust, love and care.

CONCLUSION

The influence of *hikmah* (practical wisdom) on crowdfunding found in strong messages, medium of conveying the messages with practical wisdom (not just appeal with rationality but touches their emotion and heart (*qalb*). The informants argued that the influence of *hikmah* is in the reciprocal engagement with various individuals and members of civil societies. The informants also contended that hikmah found in the spirit of giving through the crowdfunding activities. The findings are limited to the context based on the insights of the informants.

REFERENCES

Babich, V., Marinesi, S., & Tsoukalas, G. (2021). Does crowdfunding benefit entrepreneurs and venture capital investors?. *Manufacturing & Service Operations Management*, 23(2), 508-524.

Bahmani, F., Amini, M., Tabei, S. Z., & Abbasi, M. B. (2018). The concepts of hope and fear in the Islamic thought: Implications for spiritual health. *Journal of Religion and Health*, 57(1), 57-71.

Bagheri, A., Chitsazan, H., & Ebrahimi, A. (2019). Crowdfunding motivations: A focus on donors' perspectives. *Technological Forecasting and Social Change*, 146, 218-232.

Belleflamme, P., Omrani, N., & Peitz, M. (2015). The economics of crowdfunding platforms. *Information Economics and Policy*, 33, 11-28.

Bendapudi, N., Singh, S. N., & Bendapudi, V. (1996). Enhancing helping behavior: An integrative framework for promotion planning. *Journal of Marketing*, 60(3), 33-49.

Chen, S., Thomas, S., & Kohli, C. (2016). What really makes a promotional campaign succeed on a crowdfunding platform?: Guilt, utilitarian products, emotional messaging, and fewer but meaningful rewards drive donations. *Journal of Advertising Research*, 56(1), 81-94.

Christou, P., Hadjielias, E., & Farmaki, A. (2019). Reconnaissance of philanthropy. *Annals of Tourism Research*, 78, 102749.

Codreanu, A. (2016). A VUCA action framework for a VUCA environment. Leadership challenges and solutions. *Journal of Defense Resources Management (JoDRM)*, 7(2), 31-38.

Da Cruz, J. V. (2018). Beyond financing: crowdfunding as an informational mechanism. *Journal of Business Venturing*, 33(3), 371-393.

Dacholfany, M. I. (2014). *Al-Khauf* dan *Al-Raja'* menurut Al-Ghazali. *As-Salam: Jurnal Studi Hukum Islam & Pendidikan*, 3(1), 35-44.

Daniele, L. M. (2021). Crowdfunding and Socially Responsible Initiatives. *The Evolution of Sustainable Investments and Finance: Theoretical Perspectives and New Challenges*, 155.

Fehrer, J. A., & Nenonen, S. (2020). Crowdfunding networks: Structure, dynamics and critical capabilities. *Industrial Marketing Management*, 88, 449-464.

Guo, C., & Saxton, G. D. (2018). Speaking and being heard: How nonprofit advocacy organizations gain attention on social media. *Nonprofit and Voluntary Sector Quarterly*, 47(1), 5-26.

Iives, M., Stumpp, S., & Michelis, D. (2020, September). Entrepreneurial marketing in a crowdfunding campaign. *In European Conference on Innovation and Entrepreneurship (pp. 860-XVIII).* Academic Conferences International Limited.

Kalkanci, B., Rahmani, M., & Toktay, L. B. (2019). The role of inclusive innovation in promoting social sustainability. *Production and Operations Management*, 28(12), 2960-2982.

Khari, C., & Sinha, S. (2021). Workplace spirituality: An antidote to employee burnout. *The Palgrave Handbook of Workplace Well-Being*, 671-693.

Kim, M. J., & Hall, C. M. (2021). Do value-attitude-behavior and personality affect sustainability crowdfunding initiatives?. *Journal of Environmental Management*, 280, 111827.

Li, Y. M., Wu, J. D., Hsieh, C. Y., & Liou, J. H. (2020). A social fundraising mechanism for charity crowdfunding. *Decision Support Systems*, 129, 113170.

Li, Y., & Wu, S. (2021). The Power of Words in Crowdfunding. *In Multidisciplinary Approaches to Crowdfunding Platforms (pp. 198-230).* IGI Global.

Liu, Y., Chen, Y., & Fan, Z. P. (2021). Do social network crowds help fundraising campaigns? Effects of social influence on crowdfunding performance. *Journal of Business Research*, 122, 97-108.

Martin, M. W. (1994). *Virtuous giving: Philanthropy, voluntary service, and caring.* Indiana University Press.

Maududi, A., & Ahmad, K. (2001). *The Islamic Way of Life.* Islamic Foundation.

Merriam, S. B., & Tisdell, E. J. (2015). *Qualitative research: A guide to design and implementation.* John Wiley & Sons.

Nasution, F. (2019). Kepribadian Terbelah Dalam Perspektif Al-Quran. *Jurnal Al-Irsyad: Jurnal Bimbingan Konseling Islam*, 1(1), 37-55.

Petchsawang, P., & Duchon, D. (2012). Workplace spirituality, meditation, and work performance. *Journal of Management, Spirituality & Religion*, 9(2), 189-208.

Petruzzelli, A. M., Natalicchio, A., Panniello, U., & Roma, P. (2019). Understanding the crowdfunding phenomenon and its implications for sustainability. *Technological Forecasting and Social Change*, 141, 138-148.

Sarif, S.M. (2021). Influence of *taqwa* (*piety*) on sustaining corporate governance of zakat institutions. *AZKA International Journal of Zakat & Social Finance*, 149-161.

Sarif, S. M. (2020). *Taqwa* (piety) approach in sustaining islamic philanthropy for social businesses. *Journal of Islamic Management Studies*, 3(1), 58-68.

Sarif, S. M. (2016). The influence of *taqwa* in sustainable capacity building. *South East Asian Journal of*

Contemporary Business, Economics and Law, 9(2), 1-7.

Sarif, S. M. (2015). *Fastabiqul khairat* driven corporate philanthropy as sustainable business practices for organizational resilience. *International Journal of Business, Economics and Law*, 7(2), 23-32.

Schervish, P. G., & Havens, J. J. (1997). Social participation and charitable giving: A multivariate analysis. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 8(3), 235-260.

Saxton, G. D., & Wang, L. (2014). The social network effect: The determinants of giving through social media. *Nonprofit and Voluntary Sector Quarterly*, 43(5), 850-868.

Tafesse, W. (2021). Communicating crowdfunding campaigns: How message strategy, vivid media use and product type influence campaign success. *Journal of Business Research*, 127, 252-263.

Testa, S., Nielsen, K. R., Bogers, M., & Cincotti, S. (2019). The role of crowdfunding in moving towards a sustainable society. *Technological Forecasting and Social Change*, 141, 66-73.

Tongco, M. D. C. (2007). Purposive sampling as a tool for informant selection. *Ethnobotany Research and Applications*, 5, 147-158.

Valanciene, L., & Jegeleviciute, S. (2013). Valuation of crowdfunding: benefits and drawbacks. *Economics and Management*, 18(1), 39-48.

Van Dijk, J. (2020). *The network society*. Sage.

Wang, L., & Graddy, E. (2008). Social capital, volunteering, and charitable giving. *Voluntas: International Journal of Voluntary and Nonprofit Organizations*, 19(1), 23-24.

Yaman, H. (2008). The concept of *hikmah* in early Islamic thought. Harvard University.

Yoder-Wise, P. S. (2021). From VUCA to VUCA 2.0: Surviving Today to Prosper Tomorrow. *Nursing Education Perspectives*, 42(1), 1-2.

Zhang, J. (2013). The wisdom of crowdfunding. *Communities and Banking*, (Winter), 30-31.