

# Islamic Philanthropy Institutions and Economic Empowerment of the People

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## Abstract

This study aims to analyze how philanthropic institutions carry out various programs to empower the people's economy. This research was conducted at an Islamic philanthropic institution in the city of Bandung, namely LAZ (Lembaga Amil Zakat) Rumah Zakat. This research uses a qualitative approach with a case study method. Data collection techniques were carried out by depth interviews. The interview data obtained were validated using data triangulation so that data analysis could be carried out properly. The parties interviewed were one person who received benefits from the Rumah Zakat program, one employee of Rumah Zakat and one leader at Rumah Zakat.

**Keywords:** Islamic Philanthropy, Amil Zakat Institute, Economic Empowerment

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## INTRODUCTION

In QS Al-Kahf (18):30, the term Islamic philanthropy can be interpreted as a form of essential goodness (al-birr) which is the embodiment of fundamental faith. True goodness is a manifestation of true faith and obedience to God which is manifested in the form of compassion for fellow human beings. This form of love for fellow human beings can be practiced in the act of giving, which in Islam is known as obligatory alms (zakat) and voluntary alms (alms, infaq, endowments, gifts). Furthermore, the practice of Islamic philanthropy was found during the time of the Prophet Muhammad as a tool to realize social justice, eliminate economic oppression, and improve people's welfare (Ismail, 2014).

Alam (2010) stated in his research that the potential of Muslim philanthropic funds in the world is around US\$250 billion to US\$1 trillion, although the biggest challenge is how to manage these sources of funds so that their achievements can be maximized. Vice President Ma'ruf Amin (2021) hopes that the implementation of zakat this year can be increased. Based on the Zakat Potential Mapping Indicator (IPPZ), as of 2019, Indonesia's zakat potential was recorded at Rp. 233.8 trillion. Even the data for Indonesia Zakat Outlook 2021 states that Indonesia's zakat potential in 2020 will reach IDR 327.6 trillion. The biggest potential in 2020 is corporate zakat (Rp 144.5 trillion), then there is income and service zakat (Rp 139.07 trillion), money zakat (Rp 58.76 trillion), agricultural zakat (Rp 19.79 trillion), and zakat on livestock (Rp 9 trillion).

Based on these data, it can be said that OPZ (Zakat Management Organization) or Islamic philanthropic institutions have not been able to influence those who already pay zakat to distribute their zakat through OPZ and those who have not paid zakat (Ma'ruf, 2021). Therefore, Islamic philanthropic institutions, for example: Rumah Zakat, are expected to continue to increase trust, both to Muzakki who have not distributed their zakat to OPZ or those who have not.

One of the things that must be improved is the transparency and accuracy of targets in the distribution or distribution of zakat to mustahik. In this case, zakat collection strategies and innovations must open up space for OPZ or individual muzakki to distribute their zakat and report it to the Zakat House, where the report becomes part of the national zakat receipts. Ma'ruf (2021) invites all of us to mobilize existing resources and improve the quality of zakat management to empower the people's economy, and contribute to reducing poverty levels in Indonesia.

Based on the data above, it can be concluded that the achievement of philanthropy through Islamic philanthropic institutions in countries with a majority Muslim population has also not been able to optimally alleviate poverty and reduce social inequality. This requires a more in-depth study so that the potential of Islamic philanthropic funds in the world and in Indonesia, especially through various Islamic philanthropic institutions, becomes more optimal so that poverty and social inequality can be reduced and furthermore the welfare of the people can be increased.

Various studies on Islamic philanthropic institutions have been carried out, such as those conducted by Usman, Mulia, Chairy & Widowati (2020), Fauzi & Gunawan (2022), Harnia (2021), Fauzia (2017), Abidin (2021), Imawan, KS & Purwanto (2018), Efendi & Arifin (2019), Sholihah & Zaenurrosyid (2018), Jahar (2017), Addury, Adi, GH & Pangestu (2022), Ichsan (2020), Alwi, Ilham & Amir (2021), Amsari & Nasution (2019), Gwadabe & Rahman (2020), Atia (2021), Syamsuri, Arif, Sari & Faza (2020), Setiyowati (2019), Rozalinda (2015), Zuchroh (2021), Iskandar, Possumah, Aqbar & Yunta (2021), Abdullah & Jamal (2022), Yumarni MH,

Suhartini, Mulayadi (2019), Muhtada (2014), Malik (2016), Ibrahim (2015), Nahar & Yacoob (2022), Syamsuri & Moka (2021), Achmad (2022), Adachi (2018), Febriansyah & Wahyuni (2021), shows that the existence of Islamic philanthropic institutions is able to play a role and contribute to improving people's welfare through various programs for distributing ziswaf funds (zakat, infaq, alms and waqf) to all people in Indonesia, especially in Indonesia.

From the description above, the research team intends to conduct research on the extent to which Islamic philanthropic institutions in Indonesia are able to manage philanthropic funds to improve the welfare of the people. Based on the description above, the research problem that will be discussed in this paper is how to implement Rumah Zakat programs in empowering the people's economy.

## **METHODS**

This research uses research methods with a qualitative approach. The research also uses a research method with a qualitative approach because it requires a comprehensive approach and a clear and in-depth picture to determine the understanding and application of Rumah Zakat programs in empowering the people's economy. The researcher uses the case study method in this study, namely the case in LAZ Rumah Zakat Bandung. There are several reasons for using case studies, including: first, case study strategies are directed at a series of contemporary events, where researchers do not have the opportunity to control the events that will occur so that research results are difficult to manipulate. Second, the questions relate to "how" and "why", which are in accordance with the formulation of the research problem in this research. Third, the research focuses on contemporary phenomena in real-life contexts. The focus of this research is how to interpret and apply programs that can empower the people's economy. Fourth, the boundaries between the phenomena and context are not clearly visible. Fifth, there are propositions or directions and research focuses that were built at the beginning of the research process. The data collection technique was carried out by conducting in-depth interviews with 3 parties, the first of which were those who enjoyed the Rumah Zakat program, one employee of Rumah Zakat and one leader of Rumah Zakat. The focus of this research is how to interpret and apply programs that can empower the people's economy. Fourth, the boundaries between the phenomena and context are not clearly visible. Fifth, there are propositions or directions and research focuses that were built at the beginning of the research process. The data collection technique was carried out by conducting in-depth interviews with 3 parties, the first of which were those who enjoyed the Rumah Zakat program, one employee of Rumah Zakat and one leader of Rumah Zakat. The focus of this research is how to interpret and apply programs that can empower the people's economy. Fourth, the boundaries between the phenomena and context are not clearly visible. Fifth, there are propositions or directions and research focuses that were built at the beginning of the research process. The data collection technique was carried out by conducting in-depth interviews with 3 parties, the first of which were those who enjoyed the Rumah Zakat program, one employee of Rumah Zakat and one leader of Rumah Zakat.

## **RESULT**

Rumah Zakat is a philanthropic institution that manages zakat, infaq, alms, and other social funds through community empowerment programs. The empowerment program is realized through four main clusters, namely Smile Champion (education), Smile Healthy (health), Smile Mandiri (economic empowerment), and Smile Lestari (environmental sustainability initiative). Based on the passion to be the best NGO in channeling happiness between donors and beneficiaries, Rumah Zakat is not only committed to being a trusted, progressive, and professional institution, but is also able to collaborate with various parties for the creation of empowerment of the Indonesian people. Alhamdulillah, currently Rumah Zakat is one of the LAZNAS that is trusted by the community.

The growth of Rumah Zakat as a trusted LAZNAS cannot be separated from its long history which began with the agreement of the Majelis Taklim Ummul Quro study group to form social institutions that care about humanitarian assistance. On July 2, 1998, an organization called Dompot Sosial Ummul Quro (DSUQ) was formed. Has a Vision: "International Philanthropy Institution based on professional empowerment". And the mission: "(1) Play an active role in building international philanthropic networks, (2) Facilitate community independence, (3) Optimize all aspects of resources through human excellence.

Various programs run by Rumah Zakat to improve the welfare of the people consist of: Empowered Village Program, Champion School, Champion Scholarship, Ramadan, Qurban, Waqf, Disaster and Humanity. Empowered Village is an empowerment program within the coverage of the village area, through an integrated approach, namely community development, economy, education, health, environment and disaster preparedness programs, with the aim of growing and developing KUAT local institutions to overcome their own problems and in collaboration with other parties. especially the village government. The empowered village program is implemented from Zakat, Infaq and Alms funds from the donors of Rumah Zakat.

### **Empowerment Village**

Empowerment Village is an empowerment program within the scope of the village area, through an integrated approach, namely community development, economy, education, health, environment and disaster preparedness programs, with the aim of growing and developing DAYA local institutions. to solve their own problems and collaborate with other parties, especially the village government. The village empowerment program is implemented from Zakat, Infaq and Alms funds from Zakat House donors.

### **Waqf Program**

Some of the ongoing waqf programs include:

#### **1. Productive Waqf**

Productive waqf is a waqf management scheme by channeling waqf funds into productive assets that provide sustainable benefits. Productive waqf will be distributed in the form of winning school waqf, productive garden waqf, clinical waqf, village infrastructure waqf, and other programs.

#### **2. Food Standard**

Namely a food procurement program by buying rice from farmers in the Empowered Villages assisted by Rumah Zakat to be distributed to affected communities. Let's join hands to get through these difficult times.

#### **3. Waqf of Water Resources**

Starting mid-2019, waqf of water sources helps the livelihood of many people by providing sources and means of clean water. Waqf of water sources has a long-term goal to ensure the availability of water in drought-prone areas to remote areas.

#### **4. Mosque Waqf**

Building a mosque has a very big reward in the sight of Allah. As the words of the Prophet Muhammad SAW: "Whoever builds a mosque for Allah, even if it is only a hole where birds lay eggs or smaller, then Allah will build for him (a house) like that in heaven" (HR. Ibn Majah) Through Mosque Waqf, donations are given to help build mosques in areas in need.

#### **5. MSME Waqf**

Rumah Zakat already has 1,683 Empowered Villages with the potential of MSMEs that continue to be fostered and developed. MSME waqf comes with optimizing waqf funds to help MSME actors while still paying attention to the rules of waqf shari'a. The presence of MSME waqf is expected to help 10,000 MSMEs throughout Indonesia and advance the Indonesian economy

### **Disaster and Humanity**

Throughout 2018, the National Disaster Management Agency (BNPB) recorded 1,999 disasters in Indonesia. The impact of the disaster was reported to be very large. It was recorded that 3,548 people died and went missing, 13,112 people were injured, 3.06 million people were displaced and affected by the disaster, 339,969 houses were heavily damaged, 7,810 houses were moderately damaged, 20,608 houses were lightly damaged, and thousands of public facilities were damaged. Rumah Zakat participates in responding to disasters at almost all disaster points through various actions, ranging from evacuation, distribution of food aid, health services, psychosocial services to various post-disaster recovery programs such as: Disaster Emergency Response, Shared Kitchen, Logistics, Emergency Mosque, etc.

### **DISCUSSION**

The following are the results of an interview with one of the leaders at Rumah Zakat Bandung. It begins by introducing the Rumah Zakat institution "R" as follows:

"In general, Rumah Zakat is one of the Islamic Philanthropic Institutions in Indonesia which was established in 1998 (22 Years). This institution focuses on Community Empowerment in the village, where the focus of this institution is divided into 4. The first is the program focus in the fields of Education, Health, Economics, and lastly in the field of Environment. From these 4 programs, they are further reduced to sub-programs, for example in the education sector there are scholarships for elementary, junior high, high school, and up to university students. Then for the Economic Sector, there is empowerment and the provision of capital assistance for the community in the village."

Mr. "R", Mr. "A" and Mr. "E" stated that the focus of the Rumah Zakat Institution Program in Empowering the Ummah's economy is as follows:

"The institution focuses on the Education Sector, because the education sector provides a kind of multiplier effect, especially the impact that we can measure more, then indeed a lot is needed because access to education must be better than previous years. However, there are some communities in the 3T (Lagging, Frontier, and Outermost) areas or in rural areas who have not yet access to good education. So, the focus now is on the education sector."

The success rate of all programs carried out by the Rumah Zakat Institution and their impact on the Ummah,

according to Mr. "R", "A" and "E" are:

"If you say it works, it's quite successful. From the quantitative data, we have it. For example, if we target from one project to provide assistance to MSMEs, our target is, for example, 20% of them are out of the poverty line. Yesterday, we got data that about 11% were out of the poverty line. That is, is it said to be successful? Actually it worked, because some of our targets have succeeded in getting out of the poverty line, but indeed some have not been achieved, but we also need to look at whether internal or external factors have caused, for example, our current target cannot get out of the poverty line because there are many variables. . But overall, the results of our program study are quite good for its empowerment. From each program also happens to be the same, so we make targets for example from scholarships to graduation. Well, actually, the target is not long-term to become a donor, but that is our long-term hope. At least having gone through high school/vocational school is already a goal and quite successful."

The Main Purpose of the Zakat House Institution in Outline in Empowering the Ummah's economy.

According to Mr. "R" that: "Interesting from the Institution's Vision and Mission, the goal is to reduce poverty as much as possible to reduce people to get out of the poverty line. However, there will be many factors to get out of the poverty line, not just talking about the economy, the environment can also enter. The environment can also enter because there are also some in our empowerment village there are mangrove parks, which can be used as tourist villages. Tourism villages can be used as economic drivers that can bring people out of the poverty line."

The future goals or progress of the Rumah Zakat Institution that want to be initiated in the future in the welfare of the Ummah are as follows:

"Regarding the new program, there is not much information. So far we have focused on these 4 programs, especially in the Education sector and specifically in the Special Student Scholarship. Because of the Student Scholarships, they can later be empowered and can enter the community and can have more impact on the community."

Looking at the current situation and conditions, the Philanthropy Institute in Indonesia is being monitored by the public because of the bad image of one of the institutions. This causes public trust to decline in philanthropic institutions. What are the steps of Rumah Zakat in order to increase public trust so that it can remain in accordance with its goal, namely the welfare of the people while empowering the people's economy.

According to Mr. "R", "Actually, public trust will be linear with the transparency of the institution. We are trying very hard to provide transparency as clearly as possible to the public, and indeed we are doing research on whether we have transparency or not. The results are already good, stick to the sharia procedure and still have to be trustworthy, because that's what we really hold on to."

From the results of this discussion, we can understand that Rumah Zakat focuses on implementing programs that can empower the people's economy. Various obstacles that arise, one of which is the emergence of elements that can damage public trust in LAZ Rumah Zakat Indonesia. This can be minimized by the transparency of financial reports and also the accountability of institutions that are always maintained.

The results of this study are in line with the results of previous studies, such as research conducted by Usman, Mulia, Chairy & Widowati (2020), Fauzi & Gunawan (2022), Harnia (2021), Fauzia (2017), Abidin (2021), Imawan, KS & Purwanto (2018), Efendi & Arifin (2019), Sholihah & Zaenurrosyid (2018), Jahar (2017), Addury, Adi, GH & Pangestu (2022), Ichsan (2020), Alwi, Ilham & Amir (2021), Amsari & Nasution (2019), Gwadabe & Rahman (2020), Atia (2021), Syamsuri, Arif, Sari & Faza (2020), Setiyowati (2019), Rozalinda (2015), Zuchroh (2021), Iskandar, Possumah, Aqbar & Yunta (2021), Abdullah & Jamal (2022), Yumarni MH, Suhartini, Mulayadi (2019), Muhtada (2014), Malik (2016), Ibrahim (2015), Jahar & Hidayatullah (2015), Nahar & Yacoob (2022), Syamsuri & Mokan (2021), Achmad (2022), Adachi (2018), Febriansyah & Wahyuni

(2021), which stated that. The existence of Islamic philanthropic institutions is able to play a role and contribute in improving the economic empowerment of the people through various programs for distributing ziswaf funds (zakat, infaq, alms and waqf) to all people in Indonesia, especially in Indonesia, the city of Bandung.

## CONCLUSION

Based on the results of the research and discussion that has been described previously, it can be concluded that LAZ Rumah Zakat Indonesia Bandung City Indonesia has been able to run programs that improve the economic empowerment of the people, such as: Empowered Village Program, Champion School, Champion Scholarship, Ramadan, Qurban, Waqf, Disaster and Humanity. There are several obstacles in carrying out the program, namely the emergence of elements who undermine public trust to channel their funds to Rumah Zakat. To minimize these obstacles, the leadership of Rumah Zakat must be able to manage funds in a transparent and accountable manner.

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