

Research Article

Islamic Philanthropy Institutions and the Welfare of the People

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ORCIDRini Lestari: <https://orcid.org/0000-0002-3235-153X>**Abstract.**

The potential of Islamic community philanthropic funds worldwide is estimated to range from US\$250 billion to US\$1 trillion. However, effectively managing these funds to achieve optimal results remains the greatest challenge. A joint research effort between Baznas and various institutions indicates that the potential for zakat in Indonesia reached IDR 327.6 trillion in 2020. Unfortunately, the actual realization of zakat collection was only around Rp 71.4 trillion or approximately 21.7 percent of the potential amount. This study aims to assess the capabilities of Islamic philanthropic institutions in Indonesia, particularly in Bandung City, West Java, in managing philanthropic funds to enhance the welfare of the people in Indonesia. The analysis method used in this research is descriptive statistics. The subsequent research team will elaborate on how these Islamic philanthropic institutions in Bandung are able to implement programs to improve the well-being of the community. The research findings demonstrate that these institutions have been successful in creatively and innovatively implementing and managing programs that contribute to the realization of community welfare.

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1. INTRODUCTION

The welfare of the people can be proven by the fulfillment of the needs of food, clothing, housing (housing), and health. Over time, not all human beings are able to fulfill their needs without the help of others. This is due to lack of access and not having the opportunity to get decent work to fulfill their daily needs [1]. Based on this, the practice of philanthropy emerged in which fellow human beings perform acts of mutual assistance or help for a more prosperous life.

The word philanthropy comes from Greek and is a combination of two syllables, namely philo which means love and anthropos which means human [1]. So, linguistically, the word philanthropy means loving fellow human beings. In English it is called

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philanthropy. In everyday life, the word philanthropy is meant as the practice of giving voluntarily to help those in need or for the common (public) interest.

[2], in the publication of Baznas, there was an increase in zakat nationally in 2020 compared to the previous year. It is rated very well. However, this realization is still far from the huge potential of zakat in Indonesia.

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 tithe to distribute their zakat through OPZ and those who have not yet paid zakat [2]. Therefore, Islamic philanthropic institutions, for example: Baznas, 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 space for OPZ or individual muzakki to distribute their zakat and report it to Baznas, where the report becomes part of the national zakat receipts. [2] urges all of us to mobilize existing resources and improve the quality of zakat management for the welfare of the people, as well as 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 to be 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 [3], [4], [5], [6], [7], [8], [9], [10],[11], [12], [13], [14], [15], show that the existence of Islamic philanthropic institutions is able to play a role and contribute to improving community welfare through various programs for distributing ziswaf funds (zakat, infaq, alms and waqf) to all people in Indonesia, especially in Indonesia. during the difficult times of the Covid-19 pandemic.

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 through their programs to improve the welfare of the people.

2. METHODS

This type of research is quantitative descriptive with a literature survey method. Descriptive research attempts to describe a symptom, event, and incident that occurs when the researcher tries to photograph the events and incidents that are the center of attention and then describe them as they are. Descriptive research methods are used to solve and answer problems that occur in the present. Whereas what is meant by a quantitative approach is the approach used in research by measuring the indicators of the research variables to obtain an overview between these variables.

The data used in the second year are data on the management of Islamic philanthropic institutions and secondary data on the level of welfare of the people before and during the Covid-19 pandemic in Indonesia.

The method of analysis used in this research is descriptive statistics. Descriptive statistics are methods related to the collection and presentation of a data set to provide useful information. Classification into descriptive statistics and inference statistics are carried out based on the activities carried out. Descriptive statistics only provide information about the data at hand and do not draw any inferences or conclusions about the larger parent group. The data set obtained will be presented concisely and neatly with descriptive statistics and can provide core information from existing data sets. The information obtained from these descriptive statistics includes the size of data concentration, the size of the data distribution, and the tendency of a data cluster.

3. RESULTS AND DISCUSSION

3.1. RESEARCH RESULT DESCRIPTION

3.1.1. DESCRIPTION OF THE ROLE OF ISLAMIC PHILOSOPHY INSTITUTIONS IN INCREASING THE WELFARE OF PEOPLE

The research team is still trying to collect research data in the form of questionnaires to several Islamic philanthropic institutions that are categorized as the largest Islamic philanthropic institutions in the city of Bandung, West Java, Indonesia. Some of these philanthropic institutions are BAZNAS, LAZ RUMAH ZAKAT INDONESIA, LAZ DAARUT TAUHID and WALLET DHUAFA. Based on the results of a literature review and brief interviews with the management of these institutions while waiting for the results of the distribution of research questionnaires, we can describe the role of these institutions in improving the welfare of the people with their innovative and trustworthy programs.

4.1.1.1 BAZNAS

Management of zakat in Indonesia can be divided from a juridical point of view into two, namely the period before the enactment of Law Number 38 of 1999 concerning Zakat Management and the period after the enactment of the Act. Prior to the enactment of the Act, the management of zakat had not yet entered the realm of positive law. In general, during this period the distribution of zakat was not well organized and was still distributed directly by muzakki to mustahiq. Meanwhile, the amil zakat institutions formed by the community, such as the mosque takmir, manage more zakat fitrah. After the law was born, the management of zakat in Indonesia can be divided into two, namely the Amil Zakat Agency or BAZ and the Amil Zakat Institution or LAZ. The difference lies in the agency or institution that forms the two. The Amil Zakat Agency is formed by the Government and the Amil Zakat Institution is formed by the community. Hierarchically, the Amil Zakat Agency (BAZ) consists of Central BAZ, Provincial BAZ, Regency/City BAZ, and District BAZ. In managing and managing people, BAZNAS in Bandung has created various programs, namely: Bandung Taqwa, Healthy Bandung, Smart Bandung, Bandung, Prosperous and Bandung Peduli. Bandung Taqwa is a program for distributing zakat, infaq, and alms from donors carried out by the Da'wah-Advocacy Division of the Bandung City Baznas. The Bandung Taqwa program is a mustahik assistance program in supporting da'wah, syi'ar Islam and social service for the people of Bandung. The da'wah program is in the form of Islamic syiar activities in order to overcome religious backwardness in knowledge and infrastructure. The Healthy Bandung Program is a program of providing comprehensive health assistance for underprivileged communities to be able to live healthy, productive and prosperous lives. Smart Bandung is the main program of Bandung City BAZNAS in the field of education. The Bandung Smart program is in the form of providing educational assistance for beneficiaries who come from underprivileged families, or children who meet the criteria in accordance with applicable regulations. The Bandung Makmur program is an economic improvement program for mustahik in the form of business capital assistance and utilization. The Bandung Peduli program is in the form of providing assistance or donations to heads of families and other forms of concern for the welfare of the people.

4.1.1.2 LAZ INDONESIAN RUMAH ZAKAT

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)[16]. 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 also able to collaborate with various parties for the creation of empowerment of the Indonesian people. Alhamdulillah, currently Rumah Zakat is one of the most trusted LAZNAS by the community.

The growth of Rumah Zakat as a trusted LAZNAS cannot be separated from its long history which began with the Ummul Quro Majlis Taklim study group agreeing to form a social institution that is concerned with 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) Optimizing 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 capacity building programs (community development), economy, education, health, environment to disaster preparedness, with the target of growing and developing POWERFUL local institutions to overcome their own problems and collaborate with other parties, especially the village government. The empowered village program is implemented from Zakat, Infaq and Alms funds from Rumah Zakat donors.

Empowerment Village

Empowerment Village is an empowerment program within the scope of a village area, through an integrated approach, namely the capacity building program (community development), economy, education, health, environment to disaster preparedness, with the target 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 Rumah Zakat donors.

EMPOWERMENT VILLAGE PROGRAM

Champion Smile is an education empowerment program with the aim of improving the quality of education that includes beneficiary categories: students, infrastructure,

and qualified students in accordance with the SDGs (Sustainable Development Goals) goals which ensure that all Indonesian children complete free primary and secondary education, equity and quality leading to a relevant and effective learning impact.

Independent Smile is a local potential-based economic empowerment program for underprivileged people to reduce poverty levels

Healthy Smile is a community health quality improvement program based on individual, communal, non-governmental organizations. The realization program is in the form of Elderly Friendly, Toddler Posyandu, Mass Circumcision, Free Ambulance, Health Alert, Health Assistance, Nutrition Gardens, Free Clinics

Sustainable Smile is a program that focuses on environmental problems, Rumah Zakat is committed to improving the quality of the environment and reducing social problems related to the environment, especially water, sanitation and hygiene. Champion Schools is a scholarship program for the students of Rumah Zakat-assisted Champion Schools that are in line with the SDGs Goals without poverty and quality education. And other programs includes: Ramadhan and Qurban.

4.1.1.3 LAZ DAARUT TAUHID

The Daarut Tauhiid Peduli National Amil Zakat Institution is a non-profit organization engaged in the management of zakat, infaq, alms and waqf funds. The results of the ZISWAF fund collection are distributed to beneficiaries in the form of service and empowerment programs in the fields of economy, health, education, da'wah and social humanity.

The main priority at this time is to increase economic strength for the community so that they can realize community independence together. Founded by KH. Abdullah Gymnastiar on June 16, 1999 as part of the Daarut Tauhiid Foundation and determined to become a model for the National Amil Zakat Institution (LAZNAS) which is trustworthy, professional, accountable and reputable with an even area of operation.

Daarut Tauhiid Peduli's work received the government's attention, then it was determined to be the National Amil Zakat Institution (LAZNAS) in accordance with the Decree of the Minister of Religion No. 257 of 2016 on June 11, 2016 which was renewed by Decree of the Minister of Religion No. 562 of 2021 on May 6, 2021. Daarut Tauhiid Peduli's vision is: "To become a model for the National Amil Zakat Institution (LAZNAS) that is trustworthy, professional, accountable and reputable with an even area of operation". And the mission of Daarut Tauhiid Peduli is: " (1) Optimizing the potential of

the ummah through Zakat, Infaq and Alms (ZIS), (2) Empowering the community in the economic, educational, da'wah and social fields towards an independent society.

The programs of Daarut Tauhiid Peduli consist of: Care for the Economy, Care for Humanity, Care for Health, Care for Education, Eradication of Riba Program and Pillar of Da'wah.

4.1.1.4 DOMPET DHUAFA

Dompét Dhuafa is one of the most popular Islamic philanthropic institutions in Indonesia, namely Dompét Dhuafa (DD). Quoting from the official website of Dompét Dhuafa¹³, DD is an institution engaged in Islamic philanthropy to organize empowerment programs and improve the welfare of the poor. Funds managed are sourced from zakat, infaq, alms, waqf, and other social funds that are lawful and legal. Dompét Dhuafa has received official permission from the government through a Certificate from the Minister of Religion Number 439 of 2001 as LAZNAS or the National Amil Zakat Institution. Until 2008, DD was the only amil zakat institution that had received an international certificate through ISO9001:2008.

At first, Dompét Dhuafa was combined with the name of a national daily newspaper, namely Harian Umum Republika, so that at that time its name was known as Dompét Dhuafa Republika. In April 1993, the Republika Promotion Team held a promotional activity at the Kridosono stadium, Yogyakarta. The team was led by the General Leader or Pemred Republika, namely Parni Hadi, and accompanied by KH. Zainuddin MZ and Rhoma Irama. The idea of raising funds through the Republika Daily network emerged during a friendly event with the da'wah community who are members of the Rural Da'wah Corps (CDP) led by Ustadz Umar Sanusi and one of the da'wah activists in poor areas in Gunung Kidul Regency, namely Ustadz Jalal Mukhsin.

The idea began to crystallize on July 2, 1993 with the existence of a special section in the Republika Daily on the front page with the title "Dompét Dhuafa". This small column contains an invitation to readers to care and participate in social activities carried out by the Republika General Daily. Apparently, this program received a positive response and was considered effective in raising funds from the public, especially Republika readers. Judging from its history, July 2, 1993 is also designated as the birthday of Dompét Dhuafa Republika. Furthermore, on September 14, 1994, Dompét Dhuafa separate self from management Republika Daily by establishing a foundation named Dompét Dhuafa Republika Foundation with Deed Number 41 dated September 14, 1994 before Notary H. Abu Yusuf, SH In the deed, the founders were Parni Hadi, Haidar Baqir, Sinansari

Ecip, and Erie Sadewo. In terms of periodization, the development of Dompét Dhuafa can be divided into three periods, namely the growth period, the transition phase, and the independence phase. The first is the early growth period (1993-1998). In this phase, Dompét Dhuafa was often associated with the Indonesian Muslim Intellectuals Association (ICMI), which at that time was known to be close to the government. This is understandable because Dompét Dhuafa is one of the efforts of the *Republika Daily* which is often considered as a vehicle for ICMI's voice. The second phase is the transition period during the reform period (1998-2000). At this time, Dompét Dhuafa had begun to be widely known and received positive responses from various circles. But at this time too, competition began to appear due to the emergence of similar institutions that manage people's funds. The third phase can be called the independence phase (2000-present). This phase was marked by the release of the management of Dompét Dhuafa from the *Republika General Daily*.

The vision set by Dompét Dhuafa is "The Realization of an Empowered World Community through Services, Defending and Empowerment based on a just system". While the missions of Dompét Dhuafa are: (1). Building a world empowerment movement to encourage the transformation of the social order of society based on the value of justice. (2). Realizing services, advocacy and empowerment that are sustainable and have an impact on sustainable community independence. (3). Realizing organizational sustainability through good governance, professional, adaptive, credible, accountable and innovative.

Some of the major programs they run are: 130 programs plus Education, Economics, Health, Socio-Cultural and Da'wah programs.

4. CONCLUSIONS

4.1. From the description in the results of research and discussion that the existence of the largest philanthropic institution in the city of Bandung, West Java, Indonesia, plays an important role and provides the greatest benefit for the welfare and benefit of the people. This is very clear from the various programs they run in various educational, economic, health, socio-cultural and da'wah activities. All these activities are carried out consistently and only hope for the pleasure of Allah.

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