Conference Paper

Social Entrepreneur: A ‘Coin’ Fundraising Model for Social Organizations

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Abstract

This study aims to make a fundraising model conducted by a social organization with the strengths on social capital, religious values, and social entrepreneurship as an effort to develop the local economy operated by the Nahdlatul Ulama’s zakat and infaq institution. The society movement phenomenon of collecting coins or money worth from IDR (Indonesian Rupiah) 500, IDR 1000, and more, can be followed by all levels of society – both the poor and the rich. It becomes unique that the small value of money can be a huge financial power when collected together. This research employs qualitative research approach with grounded theory method. The implementation of coin fund collection model was conducted by an Islamic organization of Nahdlatul Ulama in Tulungagung regency that was chosen as a case portraying a model of coin fund movement as the social organization’s self-reliance. The data were collected through interviewing the management of the Nahdatul Ulama at the provincial and district levels who run the independent coin fund collection program, in addition, interviewing the members of the organization who were directly involved in the program. The strength of this research is the fundraising model from all communities who are the members of the social organizations. If the small value of money donated by the community is collected in a very large and sustainable amount, it will have a very significant impact. This is different from the Corporate Social Responsibility (CSR) funds operated by a company as a social responsibility that has an intention to build the company’s brand and expand the company’s market share.

Keywords: fundraising, self-reliance coins, social company

1. Introduction

The emergence of social entrepreneurship is a new phenomenon in the entrepreneurship world, (Jiao, 2011) which is used by politicians, businessmen and institutions to describe businesses that give the benefits back to society, such as entrepreneurship activities aimed at increasing social value and business benefit (Shaker A. Zahra, 2008). Four key factors that drive the globalization of social entrepreneurship are the...
wealth gap; social responsibility movement; market failures, institutions and countries; and technological advancement and shared responsibility (Bornstein, 1998). Social entrepreneur is a break point with the power of new ideas combined with visions and creativity in real-world problem solving and has the power of ethics and totality in the vision change, with the main characteristic of the leaders who have mission and persistence (John Thompson, 2000). Social entrepreneurs are people who realize that there is an opportunity to meet unfulfilled needs that will not or cannot meet the state’s welfare system and collect the necessary resources (generally, people often donate money and buildings) and is used to make a difference.

CSR (Corporate Social Responsibility) as one of the social programs regulated in the law so that companies can give their awareness to the environment and community, but many also used as a mean to improve the brand for the company. Funds used in the implementation of the CSR program come from some part of the company’s profit. Nitha Palakshappa, 2017 argued that between CSR and SE (social entrepreneurship) has a unique position in the business community landscape, where there is an overlap between the two, because most of ordinary business companies also often do social responsibility on the environment and community which is often as called Corporate Social Responsibility (CSR), hence, clarity is needed in distinguishing the two. The criterion is a commitment to reinvest of the major (at least 51%) surplus or profit for the social mission of the organization (Haryani, 2016).

Social entrepreneurship which was introduced in around 1970 was the concept of social entrepreneurship addressing to attract the attention of many people who wanted to make changes to create a better world (Haryani, 2016). Various social entrepreneurship institutions also emerged, and one of them was from Nahdlatul Ulama as a religious, social, educational and economic organization which created the institution of Amil, Zakat, Infaq, and Shodaqoh of Nahdlatul Ulama (LAZISNU). The purpose of establishing LAZISNU is to encourage the growth of public awareness to fulfill the obligations of zakat, infaq and shadaqoh in regular basis, thus, various strategies are needed to raise funds from the community. Performing Shodaqoh and Infaq for Muslims is an excellent social worship and is believed to have an impact on improving the quality of life for those who do it. LAZISNU manages it professionally and distributes it precisely, accountable, and transparent in accordance with existing laws and regulations. One of the Economic Development programs is mustahiq service in which it runs in the form of development assistance, marketing, quality improvement, and added value and/or providing working capital such as revolving funds to farmers, fishermen, stock farmers, and micro entrepreneurs.
The purpose of this article is to create a fundraising model conducted by social organizations with the power of social capital, religious values, and social entrepreneurship, as an effort to develop the local economies operated by the zakat institutions and the Nahdlatul Ulama of East Java (LAZISNU). One of the programs implemented is One Day One Thousand/daily shodaqoh worth IDR 1000 or in Javanese language called ‘receh’ or coin. Coin is a very small amount of money. For most people, it is taken for granted. However, if the coins are collected by large numbers of people, it will be a great financial force that can be used to build the local economy, yet, the concern is on how the model is done by LAZISNU so that it is able to drive hundreds of thousand people to put coins in a box.

2. Literature Review

2.1. Social capital

Social capital is a mean to establish a strong bond in building a society (Ancok, 2003). Social capital is considered to play an important role in the provision of aid for community development after much failures happened to the movement which is based more on technocentric, ecocentrism and commo-centric approach (Syahra, 2003). The community development requires social capital and human capital support, because J. Augusto Felício E. C. (2014) found that human capital affects social capital, experience, and cognitive abilities influencing personal relationships and engagement. The performance of organization is strongly influenced by human capital through the manager’s cognitive abilities. (Syahra, 2003) If social capital is applied properly, then the most important contribution of social capital development is the creation of an increasingly independent group of people, who are able to participate more meaningfully in creating good governance.

Social capital is built on five constructs: 1. status (economy, culture, popularity, politics), 2. family relations and support (family, work relations, relation regarding sport, association of relationships, political relationships, family support toward challenge), 3. complexity (interpersonal solidarity, confidence, understanding the weakness), 4. personal relationships (personal relationships with financial entities, personal relationships with government, personal relationships with business associations, private relationships with sports associations, private relationships with institution of culture) and 5. social relations (J. Augusto Felício E. C., 2014).
Social capital is used in the framework of the community movement to cultivate economic advancement; there are special characteristics of the new social movement which are ideology and goal; tactics; structures, and participants of contemporary movement. (Ancok, 2003) Social capital is one of the important factors that determines the community's economic growth (Paul J. Ferri, 2009). Entrepreneurial social capital can be accumulated through family members, social relationships, social networks and membership of both formal and informal institutions.

The number of NU residents in Indonesia according to data released by the Indonesian Survey Institute through an exit poll in 2013 was about 36% or 91.2 million out of 249 million populations who had the right to vote and claim to be part of NU community (Munir, 2016), in which the social capital is owned by Nahdlatul Ulama as an organization which conducts the program in order to build NU's self-reliance through the coin fund movement.

2.2. Religious values

Alms is a highly recommended sunnah (Musthofa, 2003). Religious values for Muslim individuals are the driving force to do good for instance sharing with others in the form of zakat, charity or infaq. “Whoever does good despite the weight of Dzattah (the very fine dust), he will see the reward of the action” (Az-zilzal; 8)“ you will not get good until you want to provide some of what you love” (Ali imron 92). Islamic law has set various provisions, including zakat law, infaq law, and shodaqoh law. Quran states that Zakat is one of the pillars of Islam and becomes a fundamental element for the establishment of Islamic law, as in the word of Allah SWT, QS. Al-Baqarah 2: Verse 43: “And perform the prayer, pay the zakat, and bow with the people who bow.” Zakat is and obligated right in with the amount has been set and must be issued annually based on certain properties, condition, and size (nisab), has, while Infaq is a voluntary expenditure made by someone whenever he/she receives as many earnings as desired in accordance with the religious orders of Islam. “Alms is a voluntary gift that someone does to others especially to the poor” (Hidayat, 2010).

Islam recommends that pleasures (possessions) should be shared by others, so the wealth is not only revolving around the wealth among you...... (Surat Al-Hasyr: 7). The example of those who spend their wealth in the way of Allah is like a seed [of grain] which grows seven spikes; in each spike is a hundred grains. And Allah multiplies [His reward] for whom He wills. And Allah is all-Encompassing and Knowing (QS Al-Baqoroh 261). In both verses, it appears that infaq and shodaqoh for Muslims are believed to
protect and secure social life and humanity (Bambang Widjanarko, 2016). Shodaqoh will extinguish (sin) as water can extinguish fire. Hasad will eat goodness as fire burns wood (HR Al Baihaqi in syu’abul faith). Muslims believe that the benefits of infaq and shodaqoh include preventing the emergence of bala’ or difficulty, retaining the property to remain pure and clean, growing and obtaining the blessing of possessions owned. Religious values and a love for Nahdlatul Ulama organization have encouraged the members of Nahlatul Ulama organization to participate and succeed coin movements for organizational independence. Niam (2017) pondered that the value of coin fund movement depends on the intention of people who do infaq, for example in order to be healthy, to succeed in his career, to help the parents obtaining God’s reward, to perform hajj, and so forth.

2.3 Social entrepreneurship

The debate of social entrepreneurship continues today, and there is still overlap (Bornstein, 1998). Social entrepreneurship is a pioneer initiating new ideas combined with visions and creativity in real-world’s problem solving and has the power of ethics and totality in vision change, with the main characteristics of leaders who have mission and persistence (John Thompson, 2000). Social entrepreneurs are those who realize that there is an opportunity to fulfill unmet needs that cannot be fulfilled by the state’s welfare system through the way of collecting necessary resources (generally, people often donate money and places) in order to make a difference. Boschee (1995) once coined that social entrepreneur is nonprofit executive who concerns more on market power without neglecting the underlying mission; balancing the moral imperatives and profit motives – and thus, balancing is the heart and soul of the movement. Catford (1998) suggested that social entrepreneurs are opportunists who combine street activism with professional skills, visionary insight with pragmatism, and ethical fiber with tactical beliefs. They see opportunities while others see only empty buildings, unemployed people, and unassessed resources. Prabhu (1999) in discussing social entrepreneur, showed that social entrepreneurs are innovative and outstanding leaders in social endeavors. As a result, the range of aforementioned social entrepreneur descriptions has led the experts to produce conclusive definitions that unite all of the aforementioned descriptions.

Thus, Dees (1998) proposed that social entrepreneurs are the agents of change that have five different criteria: 1) adopting a mission to create and sustain social value; 2) accepting and relentlessly pursuing new opportunities to serve missions; 3) engaging
in the process of continuous innovation, adaptation, and learning; 4) acting boldly without being limited by current resources; and 5) showing a high sense of accountability on the presented constituencies and results (Shaker A. Zahra, 2008). Social entrepreneurship includes activities and processes of undertaking, finding, defining, and using the opportunities in order to increase social welfare by creating new businesses or managing the existing organizations in innovative way. This definition is further explained by Abu-Saifan (2012) that social entrepreneurs are mission-driven individuals who use a set of entrepreneurial skills to provide social value for the less fortunate, through all entrepreneurial oriented entities such as financially sufficient, independent, and sustainable. (Haryani, 2016) Social entrepreneur is based upon an upstanding intention to solve certain social problems using business approach as a mean to achieve social goals. This is different from the ordinary business ethics that engage in social activities or offer free products or services.

3. Research Methodology

The fundraising strategy undertaken by an organization to build its independence of its organization and its members has become a phenomenon. A case study on Nahdlatul Ulama’s organization becomes the focus of this research by using the NU’s coin program (Infaq box), especially in the area of East Java, Indonesia. Generally, infaq and shodaqoh contributors are the people with excessive financial. However, in the coin program, the donor targets are people affiliated to Nahdlatul Ulama and generally located in rural areas with low incomes.

This research uses a qualitative approach with grounded theory method. Grounded theory is a qualitative study that uses a set of systematic procedures to develop an inductive theory of a phenomenon. (Corbin, 2009) Grounded theory that is strongly adhered to everyday life in a substantive context, is processed and developed from various data. Only through this way, the theory can approach the daily reality. The data were collected using in-depth interview technique. Respondents in this study were those who understand the implementation process of independent coin program; they were the management of NU East Java area, the branch management of NU Tulungagung, and the NU’s congregations as the parties who implemented and became the pilots of NU independent coin program.
4. Research Result and Discussion

The interview results with Nahdlatul Ulama (NU) officials at the regional levels, branches, and sprigs revealed the fact that the foundations of organization cannot make revolutionary changes, especially concerning on awareness and mindset. We understand that organizations around the world will be stronger when supported by members, for example in Palestine, there is a group named Hizbullah and in Indonesia, we have Muhammadiyah, LDII, etc. They have the power supported by their members/congregations from the ideological process; the stronger the ideology, the higher the members’ commitment toward the organization since ideology has strong advantages and appeal (Kärreman, 2015). The context of building the power of jamiyah is from the side of autonomy. After the ideologization, they were proceeded to move to the praxis area, then internalized with the trust as Nahdlatul Ulama’s members to participate individually and collectively for strengthening their sense of belonging to the organization. Their concrete form of participation can be reached by providing some earnings in the form of money to the NU organization. The amount of coins given are not specified, it can be IDR 500, IDR 1000, and IDR 100 or more because coins allow the poor to do infaq. Another strength of this program is the infaq box can be filled by one family. There were several steps in collecting coins; the officers visited the houses of residents who already had infaq boxes, took the money from the box, inserted the money in some buckets without counting it. They would count the money after finishing taking money from all infaq boxes. This indoctrination activity and coin movement foster the members’ awareness of participating in financial matters although in small amount. The idea of popular leadership is built by ideology, tautology, and unconsciousness (Kärreman, 2015).

The steps undertaken by the NU board to succeed independent coin movement were; firstly, NU East Java regional board developed the ideological concept of Nahdlatul Ulama and the strategy of coin movement program implementation, and then tried to implement it in certain pilot project. The implementation result in Tulungagung Regency was quite responsive and successful. Coin movement self-reliance has had an impact on organizations that used to have no financial strength, but today it is able to raise the funds more than approximately IDR 110 million each month in one sub-district, thereby, it impacted the economy for lower class people (down effect). Secondly, the accountability reports were created as a form of public accountability. Finally, the NU officials arranged the technical distribution of coin fund collection result that would be used to compensate the orphans, dhuafa (the poor), to provide scholarships, and
to build the organization’s operational stability. Key figures that play important roles in the implementation of ideologization and independent coin movements are NU managers, ranging from the provincial to the village level. In addition, the existence of good system has become the key to success coin fund movement program. The strategies to build the sustainability of the program were; firstly, institutionalizing the team that coordinates the independent coin movement with the name of Lembaga Amil Zakat dan Shodaqoh NU (LAZISNU); secondly, opening a formal bank account to monitor and maintain financial circulation; thirdly, making periodic reports in the form of public accountability; and fourthly, distributing the coin use that could be shared to the donors.

Nahdatul Ulama’s social enterprise is an effort to establish self-reliance as a noble intention (Haryani, 2016). finds a model for sustainable programs, after strengthening the ideologization with religious values and organizational ethics on organizational members for awareness of organizational beliefs (Kärreman, 2015). The implementation of independent coin program by involving all members to provide some earnings for the organization. Accountability is closely linked to activities’ financial records and reports (both financial and social targets). Transparency in organizational management consists of transparency, clarity, and accuracy of information to the relevant stakeholders, particularly in the financial condition, ownership, the implementation of organizational management, and social capital (Haryani, 2016).

4.1. ‘Coin movement’ fundraising model

Figure 1: Source: Data processed through in-depth Interview Result in 2018.
In Haryani (2016), ethics, responsibility, accountability, and transparency are the essence of social enterprise to build public trust. Yet, in the model of independent coin movement for social organization like Nahdlatul Ulama, the ideological reinforcement, trust in organization, and belief in religious values are the keys to succeed NU’s independent coin movement.

5. Conclusion

The model of Nahdlatul Ulama’s independent coin fund movement is by collecting funds from IDR 500, IDR 1000, and more is a joint movement in the society. The small value of money allows everyone to participate in this coin movement. *Infaq* and *shodaqoh* become worship added values expected by the donors. The fundraising model of independent coin fund movement for social organizations has several stages; it begins with indoctrination through the strengthening of organizational ideology toward members; to foster the confidence of individuals involved in organizational activities – both members and organizational leaders. The second stage is the implementation of the independent coin movement program by involving all members led by the members who have past the process of ideologization. The third stage is making accountability report that is done in order to demonstrate financial transparency in the community. The fourth stage is preparing the technical use of funds. The last is making reports on the utilization of funds related to the recording and social activities.

Finally, the implementation of coin movement model for organizational independence aims to raise funds for social organizations considered as a strategy to build its self-reliance and organizational benefits to the community (Granovetter, 2005). Social structure in the form of social networking can affect the economy. There are three main reasons on how social networking influences the flow and quality of information. First, there a lot of sensitive information that is difficult to be verified and makes the perpetrators do not believe in the source of personal resources, and vice versa, depending on the known person; therefore, the ideologization step in the Nahdlatul Ulama becomes the key of accurate information. Second, social networks are the sources of important virtues and punishments. Third, there are some beliefs that others will do the right thing even though the balance of incentives is clearly opposite. It happens in the context of social networking. The social organization of the Nahdlatul Ulama has its own networks ranging from national to village level. It also has the networks in more than 140 countries in the world.
6. Suggestion

Subsequent research should be able to increase the number of respondents who are the members of organizations involved in independent coin movement programs in various districts and cities in East Java. Besides, other researches can further test the model produced in this study. It can be tested quantitatively to observe the impact of independent coin fund movement on the organizational independence and community welfare.

References


