

10-30-2015

Crucial Dimension in Organization Management of Indonesian Islamic Almsgiving (Zakah) Institutions: Insights for Community Economic Empowerment

Sari Viciawati Machdum

Social Welfare Department, Social and Political Science Faculty, Universitas Indonesia,
sari.viciawati@ui.ac.id

Sri Daryanti

Management Department, Economic and Business Faculty, Universitas Indonesia, s_daryanti@yahoo.com

Johanna Debora Imelda

Social Welfare Department, Social and Political Science Faculty, Universitas Indonesia,
johanna.deborah09@ui.ac.id

Isbandi Rukminto Adi

Social Welfare Department, Social and Political Science Faculty, Universitas Indonesia,
adi1126@yahoo.com

Follow this and additional works at: <https://scholarhub.ui.ac.id/seam>



Part of the [Management Information Systems Commons](#), and the [Management Sciences and Quantitative Methods Commons](#)

Recommended Citation

Machdum, Sari Viciawati; Daryanti, Sri; Imelda, Johanna Debora; and Adi, Isbandi Rukminto (2015) "Crucial Dimension in Organization Management of Indonesian Islamic Almsgiving (Zakah) Institutions: Insights for Community Economic Empowerment," *The South East Asian Journal of Management*. Vol. 9: No. 2, Article 5.

DOI: 10.21002/seam.v9i2.7709

Available at: <https://scholarhub.ui.ac.id/seam/vol9/iss2/5>

This Article is brought to you for free and open access by the Faculty of Economics & Business at UI Scholars Hub. It has been accepted for inclusion in The South East Asian Journal of Management by an authorized editor of UI Scholars Hub.

CRUCIAL DIMENSIONS IN ORGANIZATION MANAGEMENT OF INDONESIAN ISLAMIC ALMSGIVING (ZAKAH) INSTITUTIONS: INSIGHTS FOR COMMUNITY ECONOMIC EMPOWERMENT

Sari Viciawati Machdum

Social Welfare Department,
Social and Political Science Faculty,
Universitas Indonesia
sari.viciawati@ui.ac.id

Sri Daryanti

Management Department,
Economic and Business Faculty,
Universitas Indonesia
s_daryanti@yahoo.com

Johanna Debora Imelda

Social Welfare Department,
Social and Political Science Faculty,
Universitas Indonesia
johanna.deborah09@ui.ac.id

Isbandi Rukminto Adi

Social Welfare Department,
Social and Political Science Faculty,
Universitas Indonesia
adi1126@yahoo.com

This research analyzed the crucial management dimensions or key elements of organizations that have been managed as Islamic almsgiving institutions (zakah funds) in Indonesia. Zakah funds are traditionally managed for a limited number of beneficiaries. Zakah funds are now collected and managed by professional Islamic or faith-based organizations and institutions at the national or regional level to achieve a wider range of beneficiaries. This article examines how two Islamic or faith-based organizations, herein named CV (commanditaire vennootschap) "X" and "Y" Foundation, manage small enterprise programs based on zakah to reach a wider range of beneficiaries. Using qualitative methods, the research identifies crucial dimensions in the management of organizational dynamics of these Islamic or faith-based organizations, i.e., organizational systems, human resources, and organizational climate. Those elements are used to manage economic empowerment activities with faith as a supra structure or contextual underlying factor. Field findings also demonstrated the usefulness of religious values in managing sustainable community-empowerment practices in small enterprise programs.

Keywords: Management, Faith-Based Organization, Islamic Organizations, Small Enterprise, Community Organizing, Zakah/Islamic Almsgiving

Penelitian ini bertujuan untuk menganalisis dimensi-dimensi manajemen yang penting atau elemen kunci dari pengorganisasian penyelenggara pengelola dana zakat infaq dan sadaqah (ZIS) di Indonesia. Dana zakat secara tradisional biasanya dikelola hanya untuk disalurkan kepada penerima manfaat terbatas, namun saat ini dana zakat dikumpulkan dan dikelola secara profesional oleh organisasi atau institusi dalam lingkup nasional dan regional untuk mencapai penerima manfaat ZIS yang lebih luas. Tulisan ini meneliti mengenai bagaimana organisasi berdasarkan

Abstract

Abstrak

keagamaan (faith-based organization) yang bernama CV "X" dan Yayasan "Y" mengelola proses manajemen dari program pengembangan ekonomi skala kecil berbasis zakat infaq sadaqoh untuk mencapai penerima manfaat yang lebih luas. Penelitian ini menggunakan metode kualitatif dan hasil riset menemukan bahwa dimensi yang penting dalam dinamisasi manajemen pengelolaan zakat infaq sadaqoh (ZIS) pada organisasi berdasarkan agama Islam (Islamic or faith-based organizations) adalah sistem organisasi, sumber daya manusia dan iklim organisasi. Elemen tersebut sangat penting dalam pengelolaan manajemen pada aktifitas pemberdayaan ekonomi masyarakat dengan nilai-nilai agama (faith) sebagai supra structure yang sangat menentukan keberhasilan manajemen organisasi. Penelitian juga menggambarkan manfaat dari nilai religius dalam mengelola kegiatan pemberdayaan ekonomi skala kecil.

Keywords: manajemen, organisasi keagamaan, organisasi Islam, Program pemberdayaan masyarakat, komunitas, zakat infaq sadaqoh (ZIS).

Modern Islamic organizations, such as the CV "X" and the "Y" Foundation, manage economic empowerment activities in small enterprises through the mode of zakah or Islamic almsgiving. This enables them to reach a wider network of beneficiaries as compared to the mosque, which otherwise collects and manages zakah funds for a limited number of beneficiaries. This article examines how these organizations use modern management techniques infused with Islamic values to implement their economic empowerment programs. The evolution of technology and organization in both CV "X" and the "Y" Foundation have resulted in the use of Islamic values not only as a contextual factor but also as a programmatic factor. The latter constitutes the evolution of a technology organization that is now more directed at community-based approaches, but this does not leave an individual development approach as a way to make a planned change. This is different from previous studies which had a dominant focus on contextual factors (Ferguson, Wu, Spruijt-Metz, & Dyrness, 2007; Goode, 2006).

Zakah is a pillar of Islam and supports social welfare, for it may be used to alleviate poverty (Siena, 2005; Mintarti, Kurniadi, & Utomo, 2009; Qardawi, 2011). It consists of Islamic tithes to be given not only to unfortunate people, such as the indigent, the poor, slaves and debtors, but also to the newly converted, religious warriors and nomads, including those who manage the zakah fund. There are several kinds of zakah. One is zakah fitrah, which refers to obliged tithes for all Muslims to be accomplished every year on the occasion of Eid. The other kind of zakah is tithes from treasure or zakah maal for Muslims who live above the poverty line. The types of zakah maal are gold and silver, plantations, business, quarries, and other varieties of wealth, including full ownership, that evolve and reach the pale of standard amount that is based on Islamic regulation, depending on each zakah type (nisab in Bahasa Indonesia), more than basic need, debt free, and a year has passed (for livestock, money, and business property). Every kind of zakah has its own calculation, and the zakah fitrah amount is around 2.5 per cent of their

net incomes, excluding their total basic need (Qardawi, 2011). As a social security system, zakah has the potential to reduce poverty in Muslim-majority countries such as Indonesia, and it can be optimized to reach more beneficiaries (Canda & Furman, 1999; Qardawi, 2011; Steenbrink, 1998). Currently, it is still distributed based on traditional and simple management practices (Subekti, 2003). CV "X", as a modern Islamic organization, was formed to address this issue and to manage zakah funds. It was followed by other Islamic organizations, an important one being "Y" Foundation. CV "X" and "Y" Foundation are professionally managed with a unique organizational dynamic. On the one hand, the organization must deal with a set of managements demands that emphasize rationality; on the other hand, it must adhere to a set of Islamic rules. One challenge is that in the process of improving the quality of organizational management, the management functions can erode the basic value of a non-profit organization, that is, helping others voluntarily (Abuyuan, 2006; Sumariwalla, 1988). The other challenge is that organizational evolution seeks to improve management functions such as leadership, public recognition and stakeholders' expansion, which can change the basic values of faith-based organizations (Chambre, 2001). Some changes were found in CV X, but organization evolution did not change its basic values. One significant change that CV "X" brought in was only the attributes of an Islamic faith-based organization, for instance, replacing the Islamic year of Hijra (lunar calendar) with the solar calendar. However, as zakah funds need to be implemented through Islamic rules, the organizations need to perpetuate their vision and mission based on Islamic values.

Based on a qualitative approach, this study provides a comprehensive picture of the dynamics underlying the implementation of community-based activities. Data collection techniques included in-depth interviews, participant observation and study of the literature. This involved 41 key informants—20 informants from "Y" Foundation and 21 from CV "X"—from the general staff and the staff of the economic empowerment program, as well as community workers and beneficiaries of the services from both organizations.

LITERATURE REVIEW

Faith-Based Organizations (FBOs) have been considered as social capital for the development process in the United States (Ferguson, Wu, Spruijt-Metz, & Dyrness, 2007; Chambré, 2001; Goode, 2006; Graddy & Ye, 2006). As social capital, some Islamic FBOs in Nigeria (Raimi, Bello & Mobolaji, 2010), Malaysia (Ibrahim & Ghazali, 2014), and Indonesia (Gusfahmi, 2009; Mintarti, Kurniadi & Utomo, 2009; Arifin, 2011) expand their role for poverty alleviation by strengthening services delivery mechanisms based on zakah fund (Islamic almsgiving) so that the FBOs are not always focused on transitional services, as argued by Graddy & Ye (2006).

Service delivery mechanisms at some Indonesian Islamic FBOs are developed through small enterprise empowerment programs based on Islamic microfinance. Koku and Acquaye (2011) explained that church-based financial services are similar to Islamic microfinance, which uses shari'a principles that prohibit interest. However, his explanation about the shari'a principle was not

comprehensive. Saad and Razak (2013) mentioned that the shari'a principles do not only rely on a qard al hasan (interest free loan) scheme. Even if Islamic FBOs intended to deliver services based on interest free loans in their Islamic microfinance system, there are difficulties in implementation that relate to internal obstacles, such as staff burnout (Lipsky, 1980), and to external organizations, such as intended beneficiaries' characteristics (Kenny, 2006; Weinbach, 1994). Those obstacles must be managed, and Butcher (2004) mentioned a system model that explains four important elements that are useful for organizations that practice community organizing. These elements are culture, standard operational procedure, managerial role and organization system. Since Islamic FBOs are likely to develop professional social services through the community-based model, it is hoped that the small enterprise implementation process will consider applying the system model. Canda and Furman (1999) and Adi (2013) saw that Islamic values have a significant role in minimizing and helping the process obstacles. It is hoped that the combination of Islamic values and management will support Islamic FBOs' evolution towards empowering zakah funds to alleviate poverty.

RESEARCH METHOD

This article is based on the results of qualitative research. The informants comprised 41 people, 20 informants from "Y" Foundation and 2 from CV "X". Eight informants were organization members who worked outside in the unit accountable for the small enterprise program in "Y" Foundation and CV "X"; 15 informants were in the empowerment unit of

"Y" Foundation and CV "X"; three informants were community workers, and the other 15 were the intended beneficiaries.

The data collection techniques used were in-depth interviews, participant observation, and a literature study. During the data gathering process, the researcher assumed the position of a worker at "Y" Foundation and CV "X" to perform the role of participant-as-observer. As a worker, the researcher helped the CV "X" program manager to review and rewrite some project reports, became a member of an event committee that synergized CV "X" programs and other stakeholders, and also participated in some community worker activities, such as program socialization, surveys and monitoring. At the "Y" Foundation, the researcher also helped the Social and Economic Division Manager as a program consultant, module reviewer, and a trainer who lectured the intended beneficiaries about the meaning of empowerment. The researcher performed the participant-observer role for four months; however, the whole research process was ongoing for three years, from 2011 until 2013.

RESULT AND DISCUSSION

Faith and Human Resources in Islamic FBOs: Social Capital

The management role consists of interpersonal, informational and decision-making roles (Butcher, 2004). Those roles are not simple, especially for workers who face obstacles when implementing their tasks. The faith element may help ease the burden for organizational personnel while carrying out management roles that ask them to practice some micro

skills. Religion constitutes an add-on to management processes such as personnel, resources, decision-making, and client and staff interaction in faith-based agencies (Ebaugh, Pipes, Chafetz, & Daniels, 2003)

Some micro skills in the mezzo-macro level practice consist of verbal and non-verbal behavior, such as warmth, empathy, genuineness, communication, and assertive behavior. Muslims are supposed to have the knowledge and skills to practice basic Islamic values in their daily life, at the office, home, or neighbourhood. The practice of such micro skills was seen in how some personnel communicate with each other. For instance, one of them asked a favor from her partner in a polite manner. The same situation was also seen in how community workers communicated with beneficiaries and how beneficiaries communicated with each other. These represented an equal relationship (Ashman & Hull, 2006).

CV "X" and "Y" Foundation held many activities to strengthen the add-on function of the faith element in developing the management role. These comprised weekly training sessions for both the personnel and beneficiaries that reinforced the organization's basic values. The activities made the participants more confident with their faith, which became the basis of the organization's vision. The add-on function is also important for the beneficiaries of the small enterprise program. The "Y" Foundation holds weekly meetings to assess the beneficiaries' problems and potential; "Y" Foundation has observed that the add-on function is useful in building group cohesion in the community. However, compared with CV "X", "Y" Foundation was more normative. For

example, there was an organization dynamic, but the human resource recruitment mechanism did not change. In contrast to CV "X", "Y" Foundation also used more normative criteria in selecting their human resources.

Meanwhile, the organization dynamic in CV "X" changed when the organization's status changed from non-profit to for-profit. CV "X" was previously under the "XX" Foundation (the first zakah fund institution that pioneered using the fund professionally), that is, "SX" Foundation. While the current regulation has new criteria for zakah fund institutions, "SX" Foundation was based on a foundation (yayasan in Bahasa Indonesia) and not an Islamic civil society organization (Organisasi Masyarakat Islam in Bahasa Indonesia). It changed its form to be incorporated as company (CV) or Perseroan Terbatas (PT) in Bahasa Indonesia and became CV "X". This organizational shift influenced other technical matters. For instance, the Islamic year, which had been used as one of the Islamic logos at "XX" Foundation, was no longer used. The separation of CV "X" from "XX" Foundation also encouraged CV "X" to be more financially independent, which meant that CV "X" had to develop its own organization management to enable its survival.

CV "X" had extensive preparations to perform before becoming a for-profit organization. It already had networks, but the workload suddenly increased. The huge burden of the new organization also resulted in changes to some standard operational procedures in recruiting human resources. The criteria to become a community worker were strict in the early phase, for

instance, having knowledge of Islamic comprehension that would be needed to educate the intended beneficiaries. An informant said that the hardest criterion was the ability to memorize and recite loudly some of the Al-Qur'an's text, but this criterion was no longer in use. According to another informant, since this criterion was no longer strictly applied, the recruitment process became looser. Consequently, the community workers' commitment towards their jobs lessened and, after an evaluation, the criterion was tightened again. However, another informant said that the CV "X" organization dynamic did not change its vision and mission. Moreover, CV "X" still uses the zakah fund for empowerment programs, so the basic regulation in Islamic microfinance must be carried out.

As is evident, there were many changes at CV "X", but employees still had to honor their commitment to practice Islamic values in their organization. For instance, they still stand up for the application of the shari'a principle in implementing the small enterprise program. In the empowerment process, community workers stick to the fixed margin for beneficiaries if they use the murabaha transaction (not more than 10 per cent). If beneficiaries break the rule, community workers speak with them.

Faith as Contextual Factor in Organization Culture and Climate

Human resources are a key element in defining an organization's vision, because its dynamics determine organization development. Organizational changes cause changes in personnel behavior, resulting in changes in socialization and communication processes. CV "X" and "Y" Foundation have a shared vision to empower needy people with a bottom-

up approach that must incorporate some values during the implementation process. They also must have a behavior pattern that describes their vision to accomplish this. Organization culture may be defined as "the company way of doing things or its philosophy, style or spirit. It is implicit in the mind of organizational members; it is shared by them, and it can be transmitted by a process of socialization" (Blunt in Jones & May, 1995). Consequently, "every planned change requires a behavior change" (Brown & Moberg, 1980).

For instance, when CV "X" changed from a non-profit to a for-profit organization, the change in the dynamics of human resources did not change its basic values, because the zakah fund that incorporates Islamic values is a non-negotiable factor. Furthermore, the dynamics of human relations in the evolution of CV "X" must be managed. Micro skills are essential in assisting organization goal achievement because CV "X", as a for-profit organization, is still a human service organization that uses humans as the organization's raw material.

An interesting finding from CV "X" was the use of the "system" concept. The director (top-level management) down to the community worker (low-level management) said that the system concept was necessary to describe organization management or management of small enterprise programs. The beneficiaries also lauded the system concept when they explained how they managed the small enterprise programs in their community. The use of the same concept at every management level showed it to be a dominant characteristic of organization culture at CV "X", especially in the context of implementing community-

based interventions. Stakeholder participation, including intended beneficiaries, is essential for program sustainability, as it can minimize program obstacles. Banks (2004) mentioned that other values are important in social interventions as a community practice, such as equal opportunity, cultural diversity, social inclusion, autonomy of individuals and community groups, empowerment of individuals and groups, partnership, and collaborative working and learning. These values must also exist in organization culture, so that community workers who are obliged to practice those values in the implementation process can easily carry out their roles.

In contrast to CV “X”, as mentioned before, “Y” Foundation’s organization culture also showed an organization dynamic that tended to have more normative boundaries, so that the personnel were limited in expressing their thoughts. This condition did not mean that PT CV “X” was better than “Y” Foundation, or vice versa. The main point was the importance of human resources in developing the organization’s culture/climate.

Instead of showing organization culture characteristics as PT CV “X” did, the organization unit that implemented small enterprise programs in “Y” Foundation showed the organization climate characteristic that may be defined as “the sum of employees’ perceptions, including those of managerial employees, of the desirability of the organization’s work and social environment” (Higgins, 1982). Employee perceptions about their work environment would depend on the leaders’ characteristics. The organization characteristic at CV

“X” was seen as more settled and did not depend on the leaders. But the characteristic of “Y” Foundation changed because the leaders had different personalities. As an informant mentioned, the organization climate tended to be more task-oriented before this study was undertaken, whereas the climate became more role-oriented after the study began, because the leader had a different view about how to organize the personnel (Brown & Moberg, 1980).

Regardless of any leadership style dissimilarity, it is clear that an organization’s culture/climate comes from its personnel. This was true especially of modern organizations such as CV “X” and “Y” Foundation, who depended on their employees to achieve their goals. However, they needed to consistently focus on elements of faith as they used zakah as one of their main resources. Based on a case from “Y” Foundation, the participative leader stimulated group cohesiveness in the empowerment program units, which were also intended beneficiary communities (Brown & Moberg, 1980), building on a ‘team based task organization’ as an appropriate organizational culture that handled community practice implementation.

Faith as Programmatic Factor in Organization System

CV “X” and “Y” Foundation were unique in how both organizations treated the faith element as a programmatic factor. “Y” Foundation and CV “X” basically had the same empowerment pattern, because both adopted the Grameen Bank’s model. Some informants from both organizations said that they use the

Grameen Bank model as a basic scheme in implementing their economic empowerment program. Grameen Bank is a lending scheme for landless people that uses groups of people in a community. Dr. Mohammed Yunus started the bank in Bangladesh in the 1980s, where it became a model for many countries (Ledgerwood, 1998), including Indonesia.

Each organization had its own way to develop a “sustainable program” because of the difference in organization backgrounds. “Y” Foundation emphasized human relations in small enterprise empowerment; that is, it tended to use the individual uplift approach through social intervention. CV “X” stressed an “organization system” in small enterprise empowerment, but this did not mean that CV “X” ignored the individual uplift approach. Each organization thus combined the individual uplift approach and organization system but with different priorities.

Small Enterprise Empowerment Program: Where does Faith Fit in?

““A system is a set of interrelated parts that has some uniqueness in its environment” (Brown & Moberg, 1980). Viewed in this way, social intervention can be seen as a set of interrelated parts. Subsystems in a program such as the social intervention system function in an interdependent fashion, being interdependent not only with each other but also with the suprasystem. Thus, a social intervention cannot be separated from its inputs and environment; indeed, this emphasizes integrated services between intended beneficiaries and other potentials in a subsystem’s environment (Friedlander & Apte, 1980). While the term ‘system’

is an abstract one, this article defines ‘organization’ in terms of the model system and has several aspects, such as strategic direction, coordination and control, quality maintenance, and organizational and staff development (Butcher, 2004). CV “X” and “Y” Foundation used these elements in managing their small enterprise empowerment programs.

The personnel at CV “X” at every management level mentioned the system concept when they tried to describe small enterprise management. A good example of applying the management system in implementing small enterprise management is the Klaster X Program (X cluster program). The program was located in Bogor, West Java, and reached three villages (XX, 2012). In this program, CV “X” cooperated with stakeholders from private and government agencies, some of whom are still part of the internal network allied with CV “X”. The program was an independent subdivision of “XX”, similar to CV “X”, but was focused on different fields, such as agriculture, education, and health. CV “X” itself, as one of “XX”’s networks, was responsible for dealing with economic empowerment. Yet, CV “X” cooperated with XX, which used to be its superordinate organization, to attain the betterment of the intended beneficiaries. The empowering facility for the intended beneficiaries not only took in the economic aspect but also included other aspects, such as medical, education and social aspects. For instance, XX ran a program together with other institutions in one big area: Comprehensive Healthy House (Rumah Sehat Terpadu in Bahasa Indonesia), a hospital-like institution that delivered health services for the intended beneficiaries

and Zona Madina Healthy Restaurant, which provided an income-generating program for the intended beneficiaries of CV “X” to help them establish small-enterprise activities, such as selling fried rice, fried chicken, coffee, tea and other foods for breakfast or lunch. Besides these institutions, XX also built other institutions that were comprehensively embedded and collaborated to meet clients’ needs and that provided long-term and incidental programs.

Small enterprise empowerment programs, such as Klaster X, needed a lot of funds. The Klaster X Program, which used the whole empowerment program scheme, used some fields. As mentioned earlier, they ran not only the economy program but also the education and health programs. However, CV “X” could not apply the whole program scheme to all of its beneficiaries. The application of the program depended on the beneficiaries’ and donors’ capabilities. Every beneficiary was unique. Some were able to run the economic empowerment program based on the whole program scheme, which meant that the beneficiaries could strengthen their local organization independently based on the formal organization (cooperation), but the others could not. Similarly, donors also had their own capabilities. Some donors contributed extensively, so that CV “X” could run the whole program scheme in just a few years, for instance, by handling the economic program for three years until the beneficiaries gained local (shari’a) cooperation. Unfortunately, there were also donors who had only limited funds, so CV “X” could only run a program for beneficiaries with a short-term outcome. Due to limited funds, CV “X” could not implement

the whole program scheme unless the program was combined with the other program, but that depended on the donors’ interest.

Not all of the intended beneficiaries could accept the full program scheme from CV “X,” which required them to develop cooperative community groups in a village called “Independent Effort”. In some communities, the intended beneficiaries could only develop an informal group to carry out zakah funds so as to empower people in the community. Other communities had the intention and willingness to create an intended beneficiaries’ group and established a legal cooperative that uses the shari’a cooperative principle. In establishing shari’a cooperatives, CV “X” involved other stakeholders from government organizations, universities, non-government organizations, finance institutions, and the private sector. The stakeholders’ involvement was determined in an event conducted twice a year so as to report on the program’s progress and to synergize the CV “X” and other network of “XX” programs with other stakeholder programs.

The small enterprise program had three main phases: the growth phase, the strengthening phase and the empowered phase. Each phase was accomplished through specific steps and gave community workers guidelines to carry out their roles effectively.

The growth phase in the CV “X” small enterprise program involved eight basic steps: assessment, training, group development, group funding, facilitating process (pendampingan, in Bahasa Indonesia), cadres training, and system preparation. The basic

pattern of these steps was similar to the Grameen Bank model and formed the basis of microfinance. Based on organization values, the Grameen Bank model was modified so that it appropriated Islamic values. An important value was to prohibit interest in carrying out a transaction.

CV “X” developed the small enterprise program phases based on the shari’a approach. The intended beneficiaries are Muslim, yet many of them did not know about or were unfamiliar with Islamic microfinance. This was why training became an important part of the empowerment process. The training enhanced and strengthened their knowledge and comprehension of Islamic microfinance and other forms of finance, in addition to educating the intended beneficiaries on how to save their money. Hence, small enterprise empowerment programs through the zakah fund could have a sustained impact for the intended beneficiaries. Thus, the CV “X” implementation of the economic empowerment programs not merely emphasized traditional services but also augmented the characteristics of FBOs and human service organizations.

The application of the shari’a approach in the small enterprise program process showed that CV “X” used Islamic values as programmatic factors, which could be seen from how both organizations modified the Grameen Bank model and Islamic values (Aryo, 2012). CV “X” also learned from the Amanah Ikhtiar Malaysia (AIM) about how to empower the economic conditions of the beneficiary base. “Y” Foundation learned from other human service organizations and adopted the common service delivery pattern of the Grameen Bank. As Hulme (2009)

reported, they lent money to groups of women, organized them to manage their loans so they could expand their small enterprises and repay their loans over a specified time period, encouraged beneficiaries to save and trained them. Then CV “X” and “Y” Foundation tried to apply these schemes by combining them with Islamic values. For instance, they do not charge interest in Islamic microfinance. This does not mean that microfinance always utilizes the free interest scheme (qard al-hasan). Murabaha, which offers a fixed margin and is pre-decided by way of an honest agreement between lender and borrower, was also applied. Another example of Islamic microfinance at CV “X” and “Y” Foundation could be seen from their training series that incorporated several Islamic topics. The topics were all written in a module so that community workers could reference them when educating the intended beneficiaries.

Islamic values as a programmatic factor were part of the training programs provided to both organizations for organization personnel and beneficiaries. The training subjects varied: Some themes explained and intended to strengthen the relationship between humans and God and between humans and their fellow creatures; other themes elaborated on how to build a harmonious family. Furthermore, the training covered Islamic finance and Islamic financial institutions, which were related to research on Islamic microfinance in Indonesia that emphasized the importance of managing family finances (Fuaida, 2005), the consumptive behavior of the intended beneficiaries (Mufraini, 2003), and the intended beneficiaries’ motivations (Kurnia, 2009). Community workers were provided in

this way with basic knowledge about all the topics to help them achieve their training goals. This means that people who work at Islamic FBOs should also have certain characteristics.

Individual Uplift: Key Factor in Empowerment Program

Despite suprasystem involvement in implementing comprehensive small enterprise empowerment programs, individual uplift is essential. No matter how huge the programs, groups of intended beneficiaries in the community have an important position in establishing the empowered communities. Moreover, the intended beneficiaries, who are individuals in communities that have participated in an empowerment program that also functions as a subsystem, also have their own subsystem.

Individual upliftment was an active component of one of the communities in Mampang, South Jakarta, that succeeded in implementing a sustainable small enterprise program. Some group members displayed assertive communication skills that were essential in developing an effective group that maintained the zakah fund in the Islamic microfinance scheme and could minimize any internal conflict that appeared during the empowerment process. Furthermore, this enabled not only group cohesion but also the support it provides to the empowerment program's sustainability in the community to evolve. However, the dynamics of the intended beneficiaries are unpredictable. Even community workers with the necessary experience, skill, and knowledge still need extra energy to do their jobs. In this case, "The Islamic view of social service emphasizes a complementary relation

between individual well-being and social welfare. The helping process itself is seen as a spiritually significant action and relationship, not only between worker and client, but also with the divine" (Canda & Furman, 1999). This means that the workload of community workers in Islamic FBOs could be reduced due to their faith. The informants from CV "X" and the "Y" Foundation argued that their main role was as an Islamic preacher, charged with disseminating good deeds in all aspects of life. Hence, their attitude and vision must be based on Islamic values.

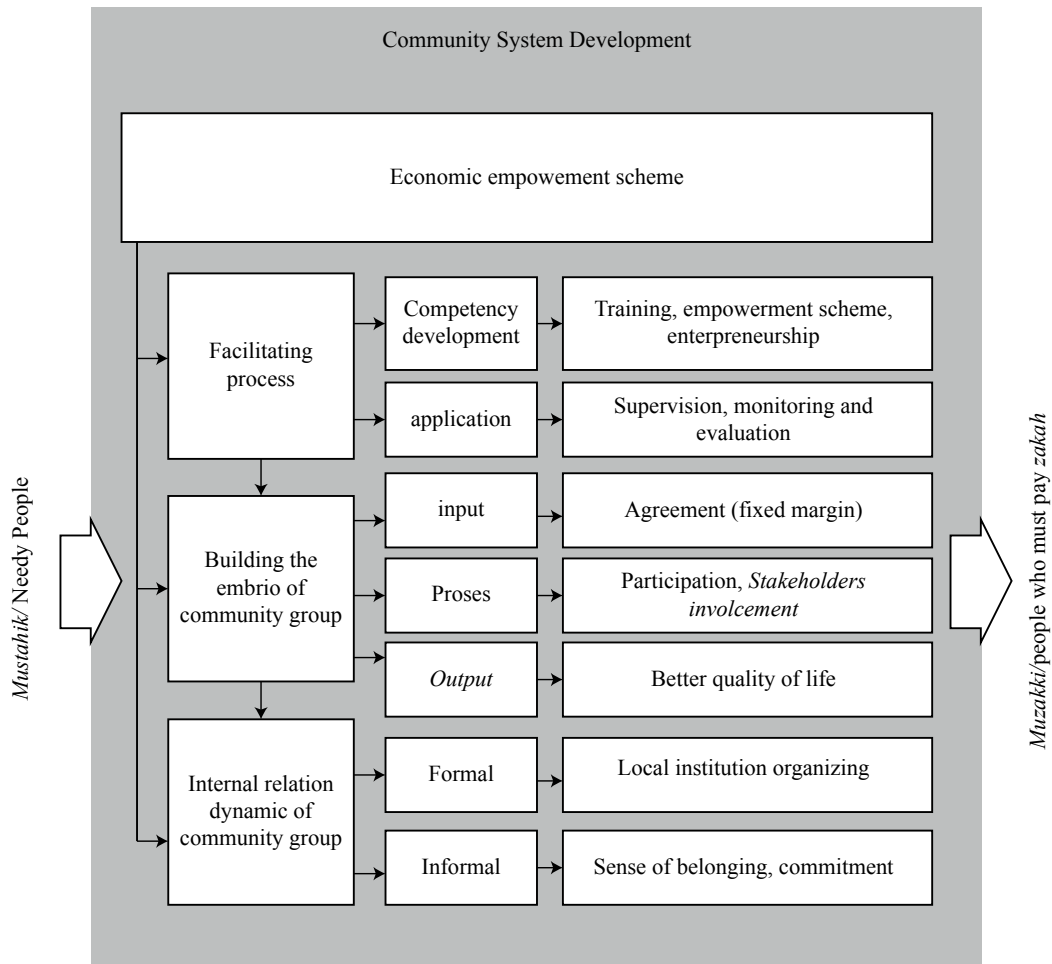
A case from one of the intended beneficiaries' groups that accepted the zakah fund through the "Y" Foundation showed the importance of group cohesion in supporting a sustainable empowerment program. Group cohesion was also important in developing group regulations so that the rules for their groups could resolve any obstacles that arose.

Group cohesion was not established instantly. Community workers who acted as facilitators had to train them extensively with different kinds of materials. The most significant topic discussed by a successful beneficiary was about the importance of having a life vision. A vision is an important motivation tool for handling unexpected problems that could arise during the implementation of small enterprises. If a group of beneficiaries in a community has the same vision, their behavior will support it.

Organization System Versus Individual Up-Lift: Better as a Mix

The uniqueness of the "Y" Foundation and CV "X" helped them to implement a sustainable program, yet these

Table 1. Small Enterprise Empowerment Program through Community Organizing



Islamic FBOs tried to enhance their organization capabilities to create a different technology. “Y” Foundation tried to expand its organization technology system and CV “X” tried to expand its micro skills in both its internal and external organization (intended beneficiaries). If their approaches were mixed, it would give them a more comprehensive organization technology in small enterprise empowerment programs through community organizing, as Table 1 describes.

As Table 1 shows, the success of the small enterprise program was related not only to its sustainability but also to its enhancement of the beneficiaries’ quality of life. Three main elements

were important for the latter facilitating process: groups of intended beneficiaries as empowerment embryo and group cohesiveness for sustainable development. These would be more meaningful in the context of planned change using community organizing that involves other institutions in the suprasystem of the local community. The micro-mezo-macro aspects could not, thus, be separated for the intervention process in FBOs or HSOs.

CONCLUSION

Several Islamic Faith-based Organizations (FBOs) in Indonesia use zakah to empower the local community through small enterprises.

Their management was important for minimizing obstacles from internal and external organizations in order to reach the main meaning of zakah: changing the condition of the intended beneficiaries (mustahiq).

Modern organizations such as CV “X” and “Y” Foundation managed zakah for the small enterprise program through three basic elements: organization system, human resources, and organization climate, with Islamic values as contextual and programmatic factors. Programmatic factors existed in the organization system through using the shari’a financial approach for small enterprise program implementation. Contextual factors existed in human resources and organizational climate

due to the use of Islamic values in developing an organization culture/ climate. The organization culture/ climate that was appropriate for community practice management was a conducive organization with a set of values that supported the application of the bottom-up approach.

The use of Islamic values as both contextual and programmatic factors shows that modern organizations such as “Y” Foundation and CV “X” are still essential. The very existence of Islamic values is important in supporting sustainable empowerment programs, especially for modern organizations that use zakah as a tool for gaining a better quality of life for the poor.

Adi, I. R. (2013). *Intervensi komunitas dan pengembangan masyarakat: sebagai upaya pemberdayaan masyarakat*. Depok: Rajawali Pers.

Ashman, K. K., & Hull, J. G. (2006). *Generalist practice with organizations and communities*. Belmont: Thomson Higher Education.

Abuyuan, A. T. (2006). *Faith-based organizations, international development agencies, and environmental management* (D.P.D.S.). University of Southern California, Ann Arbor. Retrieved from ProQuest Dissertations & Theses Global. (305269060)

Arifin, G. (2011). *Zakat, infak, sedekah*. Jakarta: PT. Alex Media Komputindo.

Aryo, B. (2012). *Tenggelam dalam neoliberalisme? penetrasi ideologi pasar dalam penanganan kemiskinan*. Depok: Penerbit Kepik.

Banks, S. (2004). The Concept of “Community Practice.” In S. Banks, H. Butcher, P. Henderson, & J. Robertson (Eds.), *Managing Community Practice: Principles, Policies, and Programme* (2nd ed., pp. 9–22). Bristol: The Policy Press.

Brown, W. B., & Moberg, D. J. (1980). *Organization theory and management: A macro approach*. Wiley New York.

Butcher, H. (2004). Organisational Management for Community Practice. In S. Banks, H. Butcher, P. Henderson, & J. Robertson (Eds.), *Managing*

References

- Community Service: Principles, Policies and Programmes* (2nd ed., pp. 57 – 81). Bristol: The Policy Press.
- Canda, E. R., & Furman, L. D. (1999). *Spiritual Diversity in Social Work Practice: The Heart of Helping*. New York: The Free Press.
- Chambre, S. M. (2001). The changing nature of “faith” in faith-based organizations: Secularization and ecumenicism in four AIDS organizations in New York City. *The Social Service Review*, 75(3), 435–455.
- Conrad, A. P. (1999). Professional tools for religiously and spiritually sensitive social work practice. Dalam R. R. Greene, *Human behavior theory and social work practice* (hal. 63-71). New York: Walter de Gruyter.
- Ebaugh, H. R., Pipes, P. F., Chafetz, J. S., & Daniels, M. (2003). Where’s the Religion? Distinguishing Faith-Based from Secular Social Service Agencies. *Journal for the Scientific Study of Religion*, 42(3), 411–426.
- Ferguson, K. M., Wu, Q., Spruijt-Metz, D., & Dyrness, G. (2007). Outcomes evaluation in faith-based social services: Are we evaluating faith accurately? *Research on Social Work Practice*, 17(2), 264–276.
- Friedlander, W. A., & Apte, R. Z. (1980). *Introduction to Social Welfare*. New Delhi: Prentice Hall.
- Fuaida, L. D. (2005). *Manajemen keuangan keluarga miskin: studi kasus Mitra Program Masyarakat Mandiri, Dompét Dhuafa Republika*. Universitas Indonesia. Retrieved from <http://www.lontar.ui.ac.id/opac/themes/libri2/detail.jsp?id=107417&lokasi=lokal>
- Goode, J. (2006). Faith-based organizations in Philadelphia: Neoliberal ideology and the decline of political activism. *Urban Anthropology and Studies of Cultural Systems and World Economic Development*, 203–236.
- Graddy, E. A., & Ye, K. (2006). Faith-Based Versus Secular Providers of Social Services - Differences in What, How And Where. *JHSA* , 309-335. September 14, 2009.
- Gusfahmi. (2009). Rekonstruksi prakrek zakat dan pajak untuk menanggulangi kemiskinan. *Zakat & Empowering*, 39-46.
- Higgins, J. M. (1982). *Human relations: Concepts and skills*. New York: McGraw-Hill College.
- Hulme, D. (2009). The Story of Grameen Bank: From Subsidized microcredit to market based microfinance. In D. Hulme & T. Arum (Eds.), *Microfinance: A Reader* (pp. 163 – 170). New York: Routledge.

- Ibrahim, P., Ghazali, R., Ibrahim, P., & Ghazali, R. (2014). Zakah as an Islamic Micro-Financing Mechanism to Productive Zakah Recipients. *Asian Economic and Financial Review*, 4(1), 117–125.
- Jones, A., & May, J. (1995). *Working in Human Service Organizations* (5th ed.). Melbourne: Longman.
- Kenny, S. (2006). *Developing community for the future*. Victoria: Nelson Australia Pty Limited.
- Kirst-Ashman, K., & Hull, G. (2006). *Generalist Practice with Organizations and Communities*. Belmont: Thomson Higher Education.
- Kurnia, T. (2009). *Faktor - faktor yang mempengaruhi lamanya waktu yang dibutuhkan mustahik untuk merubah pendapatan: (Studi kasus peserta program masyarakat mandiri dompet dhuafa republika dan peserta program baitul ikhtiar LSM PERAMU)*. Universitas Indonesia, Depok. Retrieved from <http://www.lontar.ui.ac.id/opac/themes/libri2/detail.jsp?id=125640&lokasi=lokal>
- Koku, P. S., & Acquaye, H. E. (2011). Who is responsible for rehabilitating the poor? The case for church-based financial services for the poor. *Journal of Financial Services Marketing*, 15(4), 346-356.
- Ledgerwood, J. (1998). *Microfinance Handbook: An Institutional and Financial Perspective*. World Bank Publications.
- Lipsky, M. (1980). *Street level bureaucracy: dilemmas of the individual in public services*. USA: The Russel Sage Foundation.
- Machdum, S. V. (2013). *Pengorganisasian pemberdayaan ekonomi dan dinamika proses pelaksanaannya pada faith based organization*. Depok.
- Mintarti, N., Kurniadi, A. R., & Utomo, P. U. (2009). Kajian Perumusan Performance Indicator Bagi Program Pemberdayaan Masyarakat Berbasis Zakat. *Zakat Dan Empowering*, 19–31.
- Mufraini, H. M. A. (2003). *Efek distribusi produktif dana zakat, infak dan shadaqah (ZIS) kepada perilaku konsumsi mustahiq (studi kasus: 36 responden peserta program bina usaha pedagang kecil BAZIS DKI Jakarta)*. Universitas Indonesia, Depok. Retrieved from <http://www.lontar.ui.ac.id/opac/themes/libri2/detail.jsp?id=73833&lokasi=lokal>
- Qardawi, Y. (2011). *Hukum Zakat* (12th ed.). Jakarta: PT. Pustaka Litera AntarNusa.
- Raimi, L., Bello, M. A., & Mobolaji, H. (2010). Faith-based model as a policy response to the actualisation of the millennium development goals in Nigeria. *Humanomics*, 26(2), 124-138.

- Saad, N. M., & Razak, D. A. (2013). Towards an Application of Musharakah Mutanaqisah Principle in Islamic Microfinance. *International Journal of Business and Society*, 14(2), 221.
- Siena, I. (2005). *Analisis Pengaruh Dana Zakat, Infak, Sedekah (ZIS), Tingkat Pendidikan dan Lama Usaha Mustahiq Terhadap Peningkatan Pendapatan Usaha (Studi Kasus Para Peserta Program Ikhtiar Peramu Periode 1999-2004)*. Universitas Indonesia, Depok. Retrieved from <http://lib.ui.ac.id/opac/ui/>
- Steenbrink, K. A. (1998). Muslim-Christian relations in the Pancasila state of Indonesia. *The Muslim World*, 88(3/4), 320–352.
- Subekti, S. A. (2003). *Aktivitas berzakat dan model pengelolaan zakat- penelitian terhadap kecenderungan pembayar zakat di Kelurahan Tebet Barat Kecamatan Tebet Jakarta Selatan*. Universitas Indonesia, Depok. Retrieved from <http://www.lontar.ui.ac.id/opac/themes/libri2/detail.jsp?id=71951&lokasi=lokal>
- Sumariwalla, R. D. (1988). Modern Management and The Profit Sector. In P. R. Keys & L. H. Ginsberg (Eds.), *New Management In Human Services* (pp. 184–211). Silver Spring: National Assotiation of Social Workers, Inc.
- XX. (2012). *Laporan Akhir Tahun Pertama (Maret 2011 – Februari 2012), Program Klaster X (Wilayah : Kabupaten Bantaeng, Kabupaten Blora, Kabupaten Kulon Progo, Kabupaten Lebak)*.
- Weinbach, R. W. (1994). *The social worker as manager*. United States of America: Allyn and Bacon.