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ISLAMIC BANKING,
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Islamic Philanthropy

Exploring Zakat, Waqf,
and Sadaqah in Islamic
Finance and
Economics

Edited by
Abdul Ghafar Ismail
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ISSN 2662-5121

ISSN 2662-513X (electronic)

Palgrave Studies in Islamic Banking, Finance, and Economics

ISBN 978-3-031-06889-8

ISBN 978-3-031-06890-4 (eBook)

<https://doi.org/10.1007/978-3-031-06890-4>

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Promoting Islamic Philanthropy in Islamic Higher Education of Indonesia

Indah Piliyanti and Agni Alam Awirya

1 INTRODUCTION

Poverty is one of the most common social problems in Indonesia. Statistics Indonesia (BPS) reported that the poverty rate in 2020 rose to 9.78% of the total Indonesian population (BPS, 2020). Under the coordination of the National Team for the Acceleration of Poverty Reduction, the government currently runs various integrated poverty reduction programs executed by central and local government (tnp2k.go.id). Poverty has many dimensions and does not merely entail low levels of income or expenditure (Sen, 1992, 2001). Inadequate education is also a dimension of poverty. Hence, education holds an immense power to alleviate poverty. Higher

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A. G. Ismail et al. (eds.), *Islamic Philanthropy*, Palgrave Studies in
Islamic Banking, Finance, and Economics,

https://doi.org/10.1007/978-3-031-06890-4_12

education can be a solution to poverty; the more knowledgeable are human beings, the greater they are able to contribute to the community.

Contribution to the community is part of the concept of philanthropy. Philanthropy that is simply defined as “the love of humankind” is aimed to enhance the quality of human life. Philanthropic action of individuals among others includes building universities and giving scholarships to higher education students (Cascione, 2003). In Islamic history, Islamic philanthropy funds have been used for developing higher education, such as Al Azhar University in Egypt, which is one of the best practices of *waqf*-based higher education (Hasan et al., 2019).

Based on higher education Law Number 12 of 2012, the functions of higher education in Indonesia are education and teaching, research, and community service. Higher education is under the coordination of the Directorate of Higher Education of the Ministry of Education and Culture and the Directorate of Islamic Higher Education of the Ministry of Religious Affairs. In 58 states Islamic higher education is under the Ministry of Religious Affairs, and 30 institutions offer *zakat* and *waqf* management studies and some of them also manage Muslim philanthropy funds in their institutions (diktis.kemenag.go.id). It is assumed that a great deal of the potential of *zakat* in Indonesia and the need for human resources to fulfill the aims of Islamic philanthropy should come from state Islamic higher education to provide *zakat* and *waqf* studies as well as to realize *zakat* management practice in their institutions. The development of *zakat* and *waqf* at higher levels of education plays a significant role in preparing and training skillful human resources. This chapter aims to examine *zakat* and *waqf* management studies as well as *zakat* management practice in selected state Islamic higher education institutions in Indonesia.

The motivation for giving and serving is generally primarily based on the religious drive (Cascione, 2003; Baqutayan et al., 2018). In line with this, *zakat* dan *waqf* management studies seek to improve student religiosity. The role of Muslims in the distribution of wealth and income is the core of Islamic charity, as stated in the holy Qur’an: “in order that it may not (merely) make a circuit between the wealthy among you” (Al Hashr. 59:7). The effort to encourage student religiosity is in line with the findings of Opoku (2013) that religiosity is one of the important factors that encourages the Islamic philanthropy of higher education students.

This chapter seeks to examine the role of state Islamic higher education in optimizing both Islamic philanthropy studies and Islamic philanthropic organizations in the university. The case study was conducted at the state

institute for Islamic studies of Surakarta (IAIN Surakarta) and Islamic State University (UIN) of Malang. The results of this chapter are expected to provide an overview of the development of *zakat* and *waqf* management studies and the practice of collection and distribution of *zakat* and *sadaqah* in state Islamic higher education.

2 ISLAMIC PHILANTHROPY AND EDUCATION

The concept of giving in Islam is rooted in Islamic teaching about *zakat*, *sadaqah*, and *waqf*. *Zakat* means purifying wealth and is a form of prayer, financial worship to God (Benthall, 1999). On the other hand, *zakat* also proves the commitment to helping the poor and is a mechanism of wealth distribution (Osili & Ökten, 2015). Meanwhile, *sadaqah* and *waqf* constitute other charity forms in the voluntary model of Muslim generosity. *Sadaqah* is the manifestation of the process that transforms the ‘ancient morality of the gift’ into the ‘principle of justice’ (Singer, 2008). *Sadaqah* and *waqf* are more flexible than *zakat* viewed from time, beneficiaries, and the amount of money given (Qardhawi, 2011).

As a religious obligation, *zakat* beneficiaries have been specified in the Qur’an (At Tauba 9:60), in which one of them is giving *zakat* to “*fi sabilillah*.” The translation of *fi sabilillah* among *ulama*’ is general. Thus, giving *zakat* in the form of a scholarship is legal. The reinterpretation of *zakat* beneficiaries in terms of *fi sabilillah*/fighting ignorance is stated in fatwa Majelis Ulama Indonesia Number 120 of 1996: “*zakat* is enabled to give [a] scholarship based on several requirements: having a good academic record, prioritized for those who are less fortunate, and the field of science student’s choice is beneficial to the development of Indonesia.”

Sadaqah and *waqf* have been widely accepted in developing an education program due to their flexibility. *Waqf* is the protection or prevention from acquisition by a third person. Islam has encouraged both mandatory and voluntary forms of charity. *Waqf* has been defined from the *Shariah* perspective as holding a *maal* (an asset) and preventing its consumption to utilize it in a righteous or philanthropic act that benefits the Ummah. *Waqf* was used for the development of civilization in early Islam (Chakra, 2008).

Higher education institutions in America have been using endowment funds to manage their institutions. In 2019, Harvard University had the largest endowment among universities in America with \$39.4 billion (Kennedy, 2020). Not only Harvard, but most of the top universities in

America get donations from philanthropists (Cascione, 2003). Conversely, in the history of Islamic endowment, *waqf* has been used to develop higher education institutions in some countries such as the Al Azhar University of Egypt, the University of Al Qarawiyyin of Morocco, the University of Al Muntasiriyyah of Iraq, the University of Cordova of Spain, the King Abdulaziz University of Saudi Arabia, and Universitas Islam Indonesia (Hasan et al., 2019). Some of the institutions for Islamic study in the West, such as the Oxford Centre for Islamic Studies, were supported by Bin Ladens. Stanford University in America opened a center for Islamic studies (The Sohaib and Sara Abbasi Program in Islamic Studies) with the support of the Abbasi Family, a Pakistani-American Muslim business family. Latief (2013) stated that the center for Islamic studies in Cambridge has full financial support from the Saudi royal family (Alwaleed bin Talal Foundation). Some of the universities in Malaysia also have used *waqf* as funding for higher education (Munadi, 2017).

3 ISLAMIC PHILANTHROPY ORGANIZATION IN INDONESIA

Islamic philanthropy in Indonesia can be traced back to the practice of *Pusat Kesehatan Umum* (public health center) in delivering health services to the needy in the colonial era (Fauzia, 2013; Fauzia, 2017a). It had grown to be a modern and professional institution in the 2000s under law Number 38 of 1999, enhanced by Law Number 23 of 2011 on *zakat* institution management (Fauzia, 2017b). The objective of *zakat* management is to create prosperity and reduce poverty in Indonesia.

In the latest law governing *zakat* management administration, as stated in Chapter III Article 6 and 7, is that the *zakat* institution is divided into two: the government board of *zakat* (locally known and BAZNAS) and private *zakat* institutions (known as LAZ). On the other hand, government regulation number 14 of 2014 on *zakat* implementation states that BAZNAS is to be assisted by the *zakat* collector unit (locally called UPZ). The form of the *zakat* collector unit consists of state agencies from central to local government in the villages. Higher education is included in the *zakat* collector unit (BAZNAS, 2020). The number of higher education institutions deemed as UPZ is 15, consisting of state universities and private universities throughout Indonesia (Piliyanti & Sayekti, 2020).

The wide variety of *zakat* management organizations in Indonesia consists of 548 BAZNAS and 87 LAZ (BAZNAS, 2020). Studies concerning *zakat* management at the university level remain limited since *zakat*

management can be found in BAZNAS and LAZ. On the other hand, universities have potential *muzzaki* from *zakat* within their stakeholders and they could therefore be *zakat* collector units (Agustian, 2016). *Zakat* as a profession is one of the contemporary reinterpretations of *ulama*' regarding their own profession (Qardhawi, 2011). The preference of paying *zakat* via a university agency can have different outcomes. Salbi (2012) noted that the preference of *muzzaki* to pay *zakat* through agencies was 78% while Lessy (2016) only showed 40% choosing to pay *zakat* through modern methods of *zakat* management institutions. Mahanani stated that the factors, which significantly affect the employees in paying *zakat* through *zakat* management in universities, included service and occupational status in the office (Mahanani, 2014). From these findings, it is inferred that higher education institutions are promising to collect *zakat* and *sadaqah* amongst lecturers, staff, alumni, and students.

4 ZAKAT DISTRIBUTION MODEL

The forms of innovations of *zakat* distribution are categorized into four (Mufraini, 2012): (1) traditional consumption, that is *zakat* distributed to *mustahiq* to be used directly such as *zakat fitr* given to the poor to meet their daily needs or *zakat mal*; (2) creative consumption, that is *zakat* embodied in other forms of consumption such as in the form of school supplies and scholarships; (3) traditional productive, that is *zakat* given in a number of productive forms such as goats, cows, and so forth. By so doing, this empowers the *mustahiq* to be able to create a business that later produces jobs for the poor; and (4) creative productive, that is *zakat* is in the form of a source of capital to build a social project or to add capital for small businesses.

Figure 12.1 shows that the traditional paradigm of *zakat* distribution is only for the consumptive purpose. The impact of this distribution model is to meet the needs of the poor, simply to reduce poverty. Furthermore, the new paradigm model suggests that the innovation of *zakat* utilization by BAZNAS and LAZ in Indonesia as guided in the manual by the Ministry of Religious Affairs can be categorized into four models as described, each of which has the goal of reducing poverty. However, when the management of *zakat* is still emphasized in the first model, the impact is only to reduce the depth of poverty—not to reduce poverty itself. Conversely, if the allocation of the *zakat* utilization has been developed by

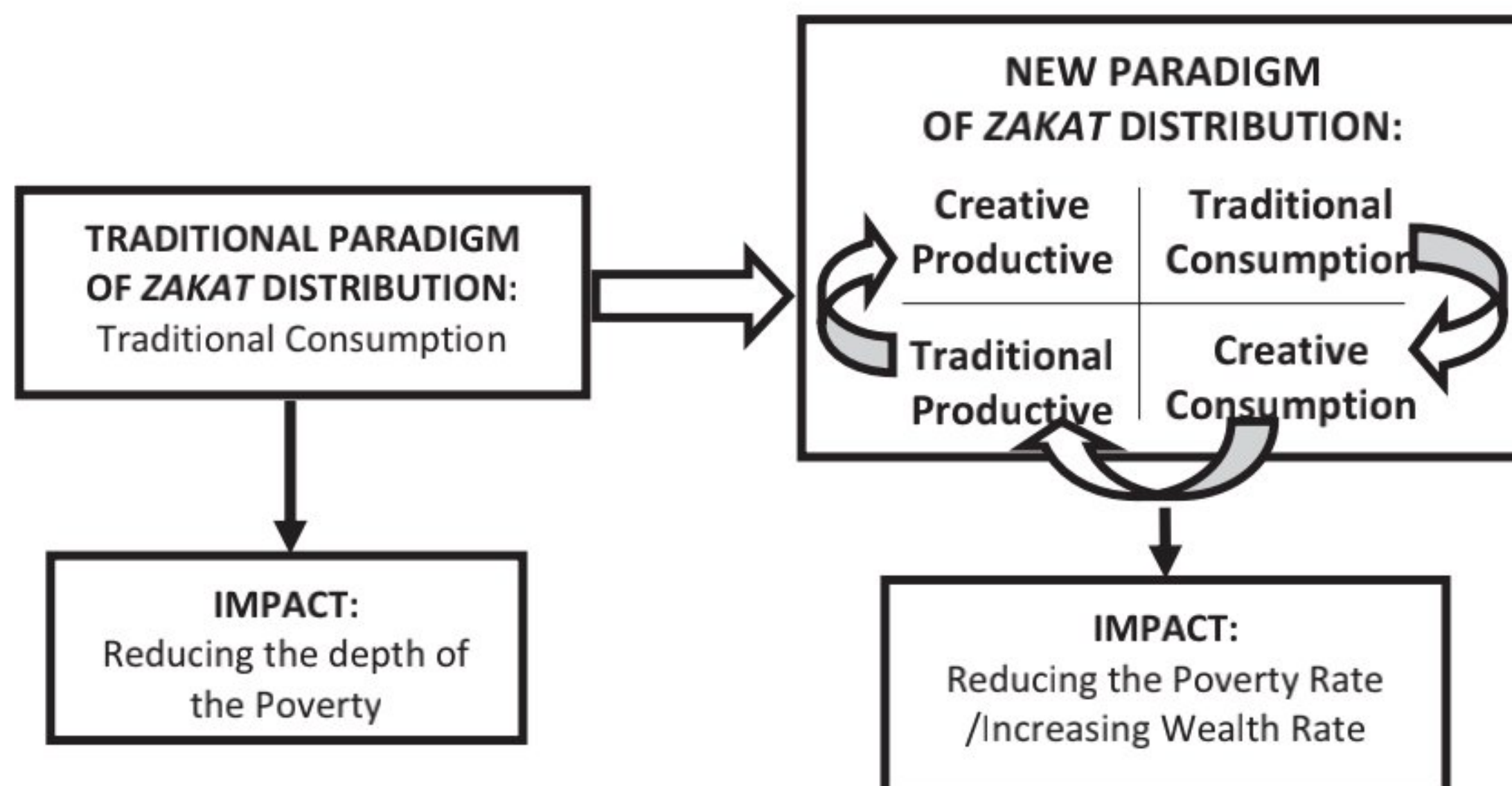


Fig. 12.1 The *zakat* distribution model and its impact on poverty. Source: Toro et al. (2013)

BAZNAS or LAZ in a productive creative model, it should be able to decrease the number of poor people.

Before the existence of modern and professional *zakat* institutions, the development of Islamic education was funded by *kyai* in Pesantren (traditional Islamic boarding schools) and *waqf* for developing some Islamic universities in Indonesia. LAZ with national networks has developed *zakat* and *waqf* for education programs such as Dompot Dhuafa, which build “SMART ekselensia Indonesia” for a marginal family in Indonesia.

SMART Ekselensia Indonesia organizes Junior High Schools (SMP) and Senior High Schools (SMA) for five years: specifically, three years for junior high school level and two years for high school level. The students come from various provinces in Indonesia, from Sumatra to Papua. SMART Ekselensia Indonesia stands as a form of concern and presents concrete steps for eradicating ignorance and in the end, it can break the chain of poverty. The vision of SMART Ekselensia Indonesia is to become a model school that produces graduates with Islamic personalities, leadership, independence, and high achievement. However, unfortunately, the education programs managed by Dompot Dhuafa have not yet targeted higher education.

5 DATA COLLECTION

The primary data of this study were collected through in-depth interviews at *zakat* management organizers in selected state Islamic higher education institutions. In addition, secondary data are used to determine the number of state Islamic higher education institutions offering *zakat* and *waqf* management studies and managing Islamic philanthropic organizations in universities. Interviews were conducted with the head of the *zakat* and *waqf* management studies as well as the head of the Laboratorium *Zakat*, Infak dan Sedekah (LAZIS) of the faculty of Sharia. Interviews were also conducted with the head of the *Teman Sedekah* organization of Islamic Economics and Business and the founder of the Fataba Foundation under the Tarbiah Faculty of IAIN Surakarta. An interview, for example, was conducted with the manager of the “El Zawa” *zakat* management organization owned by the State Islamic University of Malang.

6 DATA ANALYSIS

This essay used a qualitative exploratory approach. It was aimed at describing a phenomenon. This study examined the role of Islamic philanthropy in Islamic Higher Education, which is still limited. For that reason, exploratory research is deemed very suitable to explore deeper the role of Islamic philanthropy in Islamic higher education, including the practice of fundraising and distribution (Stebbins, 2001).

Islamic philanthropy in state Islamic higher education is contemporary in practice compared to the conceptual framework of Islamic philanthropy. The analysis focused on the role of state Islamic higher education in developing Islamic philanthropy studies and managing Muslim philanthropy funds for education.

7 RESULT AND DISCUSSION

The empirical results focus on why *zakat* and *waqf* management studies turn out to be a specific study program and how Islamic philanthropy funds are organized in state Islamic higher education. These aspects are expected to provide a picture of the development of *zakat* management in state Islamic higher education and student involvement in it.

State Islamic higher education relies on the state budget (APBN) to manage the institution. However, in the long term, relying on APBN

funds alone will not be sufficient. Hence, raising philanthropic funds to help those in need in the Islamic higher education environment is the first step to building the independence of institutions such as higher education institutions in America that rely on endowment funds (Kennedy, 2020).

IAIN Surakarta is one of the state Islamic higher education institutions in Indonesia that has a *zakat* and *waqf* management study program and has a variety of philanthropy practices, including managing *zakat*, *sadaqah*, and *waqf* in every faculty. It has not become a Zakat Collecting Unit (UPZ) from BAZNAS.

Zakat and *waqf* management studies have been under Shariah faculty since 2015. The vision of *zakat* and *waqf* management studies is to organize theory and practice education and teaching in the field of *zakat* and *waqf* management. The huge potential of Muslim philanthropy funds in Indonesia as well as the need for Islamic philanthropy practices have led the Islamic faculty to open a study program for *zakat* and *waqf* management. In addition, the faculty has adequate resources: lecturers who have relations with various *zakat* and *waqf* institutions as well as supporting infrastructure to open new study programs. The lecturers are not only from the internal Shariah faculty, but also involve lecturers of the Shariah management study program, and practitioners of *zakat* institutions to provide an overview of the practice of *zakat* institutions to students. In addition, students are given the opportunity to take part in fieldwork lectures by volunteering to become interns at Islamic philanthropic institutions.

In line with the vision of the institution, a laboratory has been developed to practice how *zakat*, *sadaqah*, and *waqf* as public funds are professionally managed. *Zakat* management organization development is carried out in line with the developed curriculum in *zakat* and *waqf* management studies. In turn, the learning process becomes easier because it is supported by direct implementation in *zakat* management practice. The “Laboratorium Zakat Infak Sedekah” (LAZIS) was established in 2017. It functions as a laboratory for students of *zakat* and *waqf* management studies. The LAZIS collects *sadaqah* rather than *zakat* among lecturers and staff in Shariah faculties. This is deducted from their monthly salary. *Sadaqah* is more flexible than *zakat* in collection and distribution. For *maslahah* (benefit) reasons, the amount of *sadaqah* is determined with a minimum number. This mechanism is in line with the results of a study by Salbi (2012), which shows that professional *zakat* deduction is often considered to be simplified and then it is equalized in determining a portion of 2.5%. Due to its limited operations, LAZIS has not managed *waqf*. This

finding also supports Mahanani (2014), that higher educational institutions have the potential to support *zakat* fundraising and funding.

The establishment of LAZIS at the Sharia Faculty aims to provide learning for students as well as to build a religious and conscious environment for the payment of *zakat*, *sadaqah*, and *waqf* in the IAIN, especially the *zakat*, and *waqf* management studies student. (Hayatuddin, Head of *Zakat* and *Waqf* Management studies, IAIN Surakarta)

Since the objective of LAZIS is dedicated to the student laboratory, the student portion in the *zakat* management organizer is quite dominant. There are 20 students who serve as administrators of LAZIS. There are only three lecturers who are involved in the board of the LAZIS committee and one lecturer on the Shariah supervisory board.

Islamic philanthropy practices in the IAIN Surakarta have been carried out since 2008, led by several lecturers at the Tarbiyah (Islamic Education) Faculty by collecting alms to help students who need assistance with tuition fees. In 2014, *zakat*, *sadaqah*, and *waqf* distribution were supported by the establishment of the Fataba Foundation as a legal formal practice of generosity under the Tarbiah faculty. This institution is independent and managed by lecturers, outside the faculty organizational structure. The Islamic boarding school for students of Syifaul Qur'an is a pioneer in managing more professional *zakat*, *sadaqah*, and *waqf* funds. This boarding school accommodates Tarbiah faculty students who memorize the Qur'an (*Hafiz/Hafiza*) to volunteer to teach the Qur'an to new students. The construction of the boarding school begins with receiving *waqf* land from one of the retired lecturers at the Tarbiah faculty and the construction and maintenance of the boarding school using *sadaqah* and *waqf* from lecturers at the Tarbiah faculty.

The Islamic philanthropy practices in the IAIN environment were initiated by several lecturers at the Tarbiah faculty in 2008 to help students who cannot afford tuition fees. In its development, this movement has grown from 2014 by opening *sadaqah* and *waqf* for the construction of *Tahfiz* boarding schools for students. (Munadi, Nur Alwiyah, founder of the Fataba Foundation)

Furthermore, the practice of Islamic philanthropy in another faculty of IAIN Surakarta started with the collection of *sadaqah* among Islamic economics and business faculty lecturers, who helped students in need by pay

tuition fees since 2017. Since 2019, the philanthropic action has transformed to be an official organization under Islamic economics and business faculty named *Temam Sedekah* or *sadaqa* buddy. The establishment of *Temam Sedekah* as an official Islamic philanthropy organization is the best path to the broader network of donations, not only from lecturers, but also staff, students, and alumni of Islamic economics and business. The charity campaign is in line with the aim of the Islamic economics and business department of IAIN Surakarta, which emphasizes student religiosity. The objective of *Temam Sedekah* as described by the head of *Temam Sedekah* is as follows:

Temam Sedekah is a semi-independent pilot platform at Islamic economics and business of IAIN Surakarta which aims to be a philanthropy forum from lecturers to help students in need to pay tuition fees. It is referred to as semi-independent because this initiation came from several lecturers to raise funds for underprivileged students. This institution was legalized by the dean of Islamic economics and business as an institution under the faculty but did not receive funding from the faculty. (Waluyo, head of *Temam Sedekah* of Islamic economics and business faculty at IAIN Surakarta)

Because it is still a pilot, the volunteers come from lecturers assisted by students. With the consideration that *zakat* funds have been officially managed by BAZNAS and LAZ, the fundraising of *Temam Sedekah* is limited to the lecturer and student to raise *sadaqah* and distribute it to the student in need. The amount of alms is set at a minimum to ease deductions from salaries as well as for togetherness among lecturers. If you increase the number of donations, however, it will be directly given to volunteers. The fundraising campaign will be held when the student needs additional tuition. The number of student applicants has increased. The flow chart, as presented in Fig. 12.2, shows the requirements of student applications to get financial aid from *Temam Sedekah*.

Student involvement in the management of *Temam Sedekah* is, among other things, for fundraising activity and also helps provide information on student profiles to identify those who deserve assistance in paying tuition fees. After that, students who are assisted by *Temam Sedekah* will become *Temam Sedekah* volunteers on their mission to become liaisons between those who will give alms and students who need educational funding assistance. The campaign carried out by students is to circulate a charity box in each class periodically. This is coordinated by the student association.

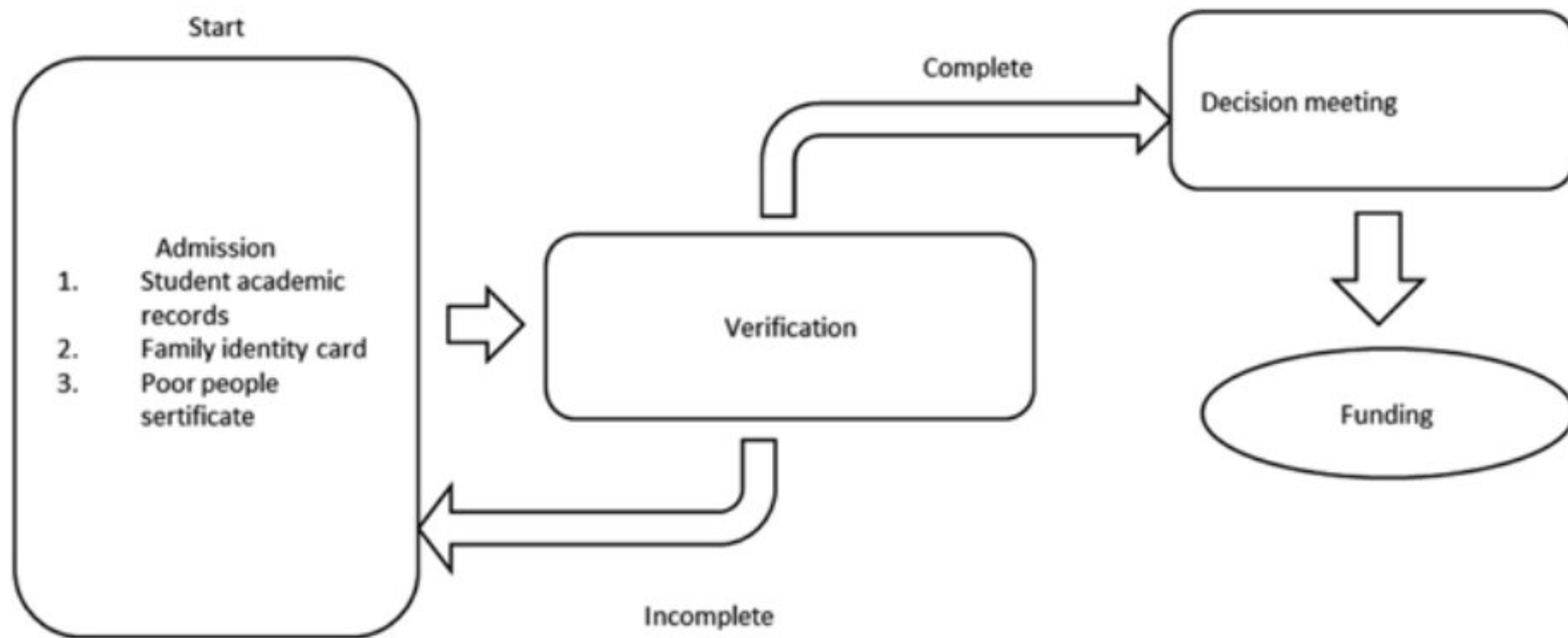


Fig. 12.2 The flow chart of a student application for financial aid from *Teman Sedekah*. Source: Interview with Waluyo

As a comparison, in other Islamic higher education institutions such as the State Islamic University (UIN) Malang, the establishment of el-Zawa is not under *zakat* and *waqf* management studies. El-Zawa is an independent organization unit under UIN Malang and was established as a study center for *zakat* and *waqf*. El-Zawa stands for *al-Zakat wa al-Waqf* and signifies the combination of *zakat* and *waqf*. The word Zawa means to remove and to distance. Thus, this unit is expected to be able to keep the Muslim community away from unclean assets through the culture of *zakat* and *waqf*. El-Zawa was founded to develop science, research, and community services in the field of *zakat* and *waqf*. In addition, it was developed to create a campus-based pilot center for *zakat* and *waqf* management in Indonesia.

El-Zawa was established on November 22, 2006, based on the idea that there is a need for a *zakat* institution as a service to help students who are unable to pay tuition fees, with funds from *zakat* from lecturers and staffs of UIN Malang. (Idrus, UIN Malang)

The management of el-Zawa consists of 4 lecturers and 46 students. The student involvement in el-Zawa has the same mission as IAIN Surakarta, which is to give an opportunity to the student in managing *zakat* and *waqf* professionally. Since the Islamic philanthropy source is a public fund, trustworthiness is key in managing these Islamic voluntary activities.

8 FUNDRAISING OF AN ISLAMIC PHILANTHROPY ORGANIZATION

LAZIS of the Faculty of Shariah and *Teman Sedekah* of Islamic economics and business IAIN Surakarta tends to maximize the *sadaqah* rather than *zakat* for stakeholders due to its flexibility. Furthermore, the student is also encouraged to practice *sadaqah* from their own money, time, and thought to help each other. The fundraising uses an internal source (Kalida, 2004). The efforts of LAZIS and *Teman Sedekah* are to increase student religiosity. The role of the Muslim community in providing benefits all over the world (*rahmatan lil alamin*) is one of the points emphasized by Islamic institutions. The efforts to encourage student religiosity is in line with the findings of Opoku (2013), which show that religiosity is one of the important factors that encourage Islamic philanthropy in higher education students.

LAZIS and *Teman Sedekah* emphasize fundraising from *sadaqah*. The source of funding for el-Zawa at UIN Malang is 95% from *zakat* of lecturers and employees of UIN Malang, which is deducted directly from their salaries. Apart from that, the source of *sadaqah* and *waqf* is internal from students and 5% from external campus.

In contrast to other LAZ outside of higher education institutions, fundraising is relatively constrained by the LAZ branding. For example, LAZ IAIN Surakarta has certainly been identified as the academic environment of IAIN Surakarta. Although the fundraising was extended to areas outside the IAIN academic community, public perception was certainly different. On the other hand, this phenomenon can actually encouraged the birth of creativity in fundraising. Efforts to remove this image are a challenge that LAZ managers must face. Online fundraising is one of the steps to expand higher education fundraising.

An interesting finding was revealed from this research: *waqf* funds are produced mostly by Islamic higher education in Indonesia. In contrast, history shows that at the beginning of Islam, *waqf* became one of the endowments to support the higher education sector in various countries. Even universities in America generally use endowment funds to manage their institutions. Several Islamic universities in Indonesia have also used *waqf* funds to establish and manage universities.

9 DISTRIBUTION MECHANISM

The Tarbiah Faculty has started to be more focused on distributing Muslim philanthropic funds to establish and manage *Tabfid* boarding schools and scholarships. The fund is 100% for the education sector. LAZIS of the Shariah faculty IAIN Surakarta gives scholarships to students in need because the funds obtained from donors are still limited to internal campus and only rely on *sadaqah*, not *zakat* or *waqf* funds. Likewise, *Teman Sedekah* maximizes the potential of charity in the internal environment of the Faculty of Islamic Economics and Business of IAIN Surakarta and is distributed to help the students. UIN Maliki has two forms of distribution of funds, the consumptive and the productive model. The productive fund distribution is called utilization. The forms of distribution activities carried out by el-Zawa include: (1) traditional consumptive: condolence money, charity for the elderly, honoraria for employees, honoraria for assisted schools, and expenses for *Ibn Sabil* (travelers who are away from their hometown and cannot afford travel expenses); and (2) creative consumptive: health assistance, superior orphan scholarships, strong root scholarships, el-Zawa cadre education scholarships, and *dhuafa* scholarships. The distribution activities carried out monthly by el-Zawa (Fig. 12.3) are charities for the elderly, employee honoraria, and honoraria for assisted schools, as well as various kinds of scholarships, while incidental ones are condolence money, medical assistance, and expenses for *Ibn Sabil*. From the distribution of *zakat* and *sadaqah* funds, the majority is

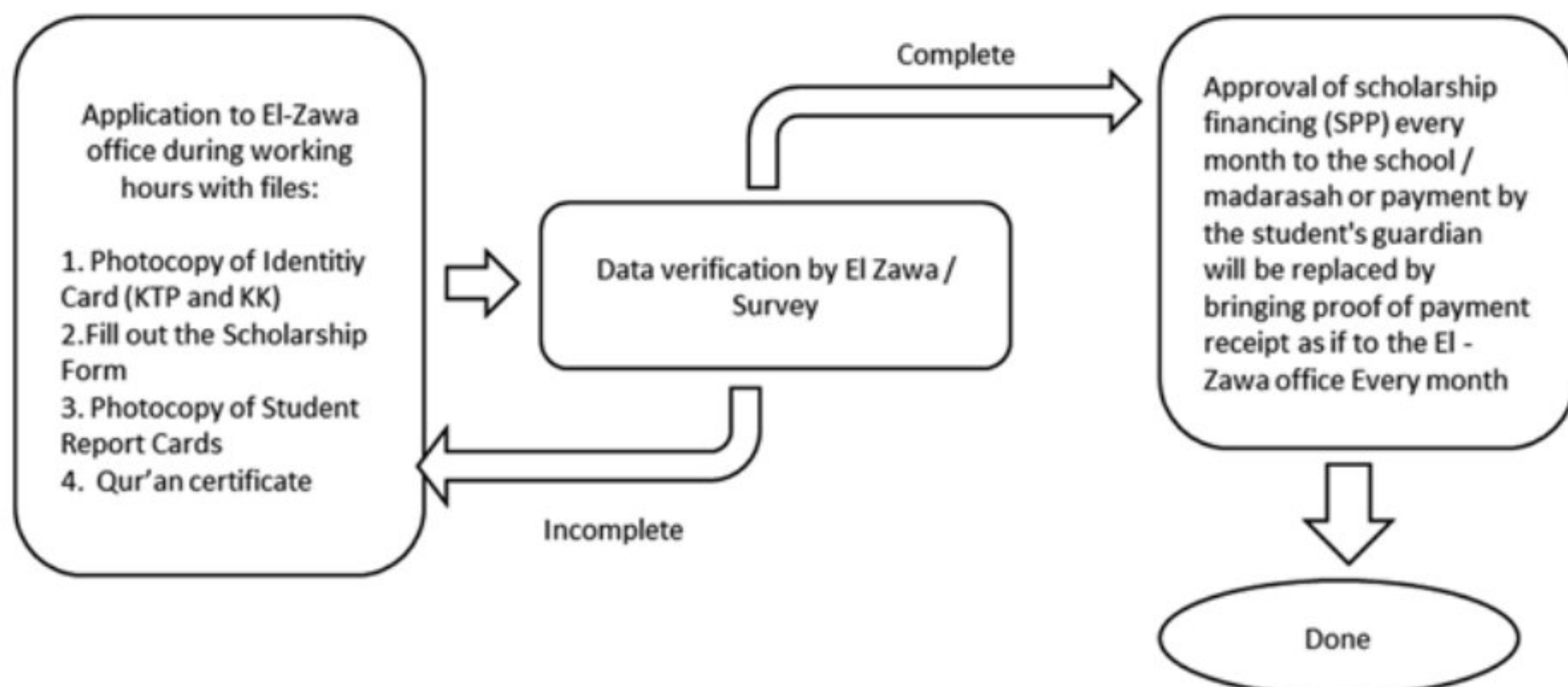


Fig. 12.3 Flow of education assistance for *dhuafa*. Source: interview with Idrus

given in the form of creative consumptive by providing superior orphan scholarships given to orphans around the UIN Malang. Figure 12.3 shows the flow of educational assistance for *dhuaafa* students to el Zawa of UIN Malang.

10 CONCLUSION

Muslim philanthropic funds have contributed to the development of education in various countries all over the world. *Waqf* is a source of funding for the development of education in higher education. In Indonesia, the development of Islamic philanthropic institutions and Muslim philanthropic funds that are managed in a modern and professional manner requires people who have knowledge, skills, and personality to prepare the labor market in the Islamic voluntary sector. In addition, the large potential of *zakat*, *sadaqah*, and *waqf* requires modern, trustworthy, and professional management. The management of Muslim philanthropic funds at state Islamic universities in Indonesia shows diversity even though they are under one institution.

At IAIN Surakarta, each faculty manages its own Islamic philanthropy funds and maximizes *sadaqah* funds more than *zakat* funds for thier flexibility and ease of management. Meanwhile, at UIN Malang, the Islamic philanthropic funds were raised from *zakat* from lecturers and staff. In terms of the distribution of funds, the Tarbiah faculty is a pioneer in allocating *zakat*, *sadaqah*, and *waqf* funds for education by building an Islamic boarding school for *Tahfiz* for students under the Fataba Foundation. LAZIS and *Teman Sedekah* are new pilots in the Faculty of Sharia and the Faculty of Islamic Economics and Business. They maximize the distribution of funds for providing scholarship to students from a low economic class to pay tuition fees from *sadaqah* due to its flexibility. Meanwhile, el-Zawa UIN Malang shows more variety of consumptive distribution for the productive sector to help micro-, small, and medium enterprises around the UIN Malang campus buildings. Although Islamic philanthropy funds at IAIN Surakarta and UIN Malang have not been said to be significant enough, they show the contribution of the institution to the development of knowledge in the field of *zakat* and *waqf* to students through *zakat* and *waqf* management studies. They also provide *zakat* and *sadaqah* management practices for students as well as a commitment to increase awareness to share and distribute wealth through *zakat* and *waqf*. The involvement of students at the Fataba foundation, LAZIS, *Teman Sedekah*, and el-Zawa

foundations shows that institutions provide opportunities for students to improve their knowledge, skills, and attitudes through social institutions at the university.

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